



**INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE**

BUSINESS STUDIES- SAMPLE PAPER 2


Class: XII

MARKS: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

Q. No.	QUESTIONS	Marks
1	Return on investment is computed as _____ a. Total Investment X EBIT b. EBIT X EBT c. EBIT / Total Investment x 100 d. EBT / Total Investment x 100	1
2	“Every time I travelled, people asked me to bring them chips, khakhra and pickles from all over the country,” says Anoushka. Finally, she and her colleague, Sumeet, decided to make a business out of it. They launched a Facebook page, asked people what they wanted, and they came up with a list of about 100 places and tied-up with two dozen vendors to begin with. They were searching people from Jaipur who wanted spices from Kerala, people from Panipat who wanted halwa from Jammu and people from Delhi who ordered fresh tea leaves from Darjeeling. Through their business, they wished to bridge the gap between sellers and buyers. The business is now worth millions. Which function of marketing was performed by both friends while acquiring information about people’s choice through Facebook page? a. Gathering and analyzing marketing information b. Marketing planning c. Branding d. None of these.	1
3	With the introduction of mineral water bottle in India, Bisleri was able to capture the big market share in India Which importance of business environment is highlighted in above case? a. Helps in tapping resources	1

	<p>b. Help in policy making c. Improve performance d. Help to identify opportunity and getting first mover advantage</p>	
4	<p>Which of the following statement is true?</p> <p>a. Competitor's prices and their anticipated reactions must be considered before fixing the price of the product b. Not only the prices but the quality and the features of the competitive products must be examined, before fixing the price c. Packaging serves as a promotion tool d. All of the above</p>	1
5	<p>Jaykant is holding hundred shares of a company. He has been given a privilege offer to subscribe to a new issue of shares of the same company in proportion of 2:1 to the number of shares already possessed by him. Identify the method of floatation being described in the above case.</p> <p>a. Offer through prospectus b. Offer for sale c. Rights issue d. Private placement</p>	1
6	<p>Name the principle of management given by Henry Fayol as referred in this picture</p>  <p>a. Discipline b. Order c. Stability of Personnel d. Division of work</p>	1
7	<p>_____ is a short-term, negotiable, self-liquidating instrument which is used to finance the credit sales of firms.</p> <p>a. Commercial bill</p>	1

	<p>b. Commercial papers c. Call money d. None of the above</p>	
8	<p>The style of singing of Arijit Singh and Honey Singh are to each other, however they acquired same knowledge of ragas. Identify the feature of art discussed above.</p> <p>a. Based on practice and creativity b. Universal validity c. Existence of theoretical knowledge d. Personalized application</p>	1
9	<p>The basic aim of sales promotion tools is to _____</p> <p>a. Increase output b. Increase demand by informing target market c. Increase price d. Increase in sales volume</p>	1
10	<p>There are two statements marked as Assertion (A) and Reason(R). Read the statements and choose the appropriate option from the options given below; Assertion (A): Management is an intangible force. Reason (R) : Management has to adapt itself to its changing external environment, which consists of various economic, social and political factors.</p> <p>a. Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A) b. Both Assertion (A) and Reason(R) are true but Reason (R) is not the correct explanation of Assertion (A) c. Assertion (A) is true but Reason(R) is false d. Assertion (A) is false but Reason(R) is true</p>	1
11	<p>Delegation of authority merely means the granting of authority to subordinates to operate _____</p> <p>a. Within prescribed limits b. Beyond prescribed limits c. If commensurate with responsibility d. Only when required</p>	1
12	<p>Measurement of employees' performance can be done by _____.</p> <p>a. Increasing the market share of the company b. Gross profit ratio c. Return on investment Performance report</p>	1

13	<p>Statement I: A brand or part of a brand that is given a legal protection is called a logo. Statement II: Transportation packaging refers to additional layers of protection that are kept till the product is ready for use.</p> <p>a. Statement I is correct but Statement II is wrong b. Statement II is correct but Statement I is wrong c. Statement I and Statement II is wrong d. Statement I and Statement II is correct</p>	1								
14	<p>Business Environment includes both specific and general forces. Identify specific forces from the following</p> <p>a. Economic environment b. Customer c. Political environment d. Suppliers</p>	1								
15	<p>Nitin the director of Apex ltd.is engaged in manufacturing furniture. He decided to keep one-third seats reserved for specially disadvantaged section of society. Which objective of management is discussed here?</p> <p>a. Individual objective b. Social objective c. Organisational objective d. Personal objective</p>	1								
16	<p>Which one is Regulatory function of SEBI?</p> <p>a. Training of intermediaries of Security market b. Registration of Broker and Sub- Broker c. Undertaking steps for investors protection d. Promotion of fair-trade practices.</p>	1								
17	<p>The laws of mining rules and regulations license required for running the business is an example of _____</p> <p>a. Economic environment b. Political environment c. Social environment d. Legal environment</p>	1								
18	<p>Match the following Marketing Mix Philosophies along with their main focus Point:</p> <table border="1" data-bbox="256 1717 1404 1898"> <tr> <td>a.Production Concept</td> <td>1. Existing Product</td> </tr> <tr> <td>b.Product Concept</td> <td>2.Customer needs</td> </tr> <tr> <td>c. marketing Concept</td> <td>3.Quality performance</td> </tr> <tr> <td>d.Selling Concept</td> <td>4.Quantity</td> </tr> </table>	a.Production Concept	1. Existing Product	b.Product Concept	2.Customer needs	c. marketing Concept	3.Quality performance	d.Selling Concept	4.Quantity	1
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b.Product Concept	2.Customer needs									
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d.Selling Concept	4.Quantity									

	<p>a. a4 ,b3 ,c2 ,d1 b. a3 ,b2 ,c2 ,d1 c. a4 ,b3 ,c1 ,d2 d. a2 ,b3 ,c4 ,d1</p>	
19	<p>“It involves leading, influencing and motivating the employees to perform the assigned task”, highlights one of the functions of management. Identify it.</p> <p>a. Staffing b. Planning c. Directing d. Controlling</p>	1
20	<p>Which of the following is a feature of demonetization?</p> <p>a. Tax administration measure b. Channelizing savings into the formal financial system c. Development of less-cash economy d. All of the above</p>	1
21	<p>Anjali Sharma is working in a private sector bank. One of her key function relates to the formulation of the overall organizational goals and strategies of the bank. Identify the level of management at which she is working? State any three other functions that she has to perform at this level.</p>	3
22	<p>‘If anything goes wrong with the performance of key activities, the entire organization suffers. Therefore, the organization should focus on them.’ Explain the statement with a suitable example.</p> <p style="text-align: center;">OR</p> <p>Rajeev and Sanjeev are managers in the same organization heading different units. While discussing about the functions of management, Rajeev says that ‘Planning is looking ahead whereas controlling is looking back.’ But Sanjeev says, ‘You are wrong because planning is looking back whereas controlling is looking ahead.’ Both are giving reasons in favour of their statements. Explain the possible reasons given by both and justify who is correct.</p>	3
23	<p>Explain ‘Internship training’ and ‘vestibule training’ and classify them as on-the-job and off-the-job methods of training.</p>	3
24	<p>A company wants to set up a up a new branch in Chennai. For additional capital, company is planning to issue equity shares to public as there is boom period in capital market and public will prefer to invest in shares. While analyzing the issue, finance manager found that floatation costs of the issue would be high and company is already in liquidity crunch. Company deemed it proper to depend on money market instruments for about six months.</p> <p>(i) Identify the method of flotation of capital, mentioned above. (ii) Besides above shares issue method, mention two other methods. (iii) Use of what kind of instrument will be appropriate for the money market?</p>	3

	OR	
	Explain the Protective function of SEBI.	
25	<p>A behavior study was done on total of 100 employees of an organization. Group A (of 50 employees) were appreciated by the manager for their work and initiative for new idea. All these employees were given option of flexible working hours and were paid wages at a higher piece rate. On the other hand, Group B (of remaining 50 employees) was criticized for their poor performance. Their increments were stopped and they were paid wages at a lower piece rate.</p> <p>(a) Identify and explain the feature of motivation highlighted in the above case. (b) What type of leadership is followed by the manager? Justify your answer.</p> <p style="text-align: center;">OR</p> <p>Explain any four measures to overcome the barriers to improve communications effectiveness</p>	4
26	<p>‘Ready for Job’ is a popular job search engine ‘In an interview with a leading news channel, Mr. Ramesh, CEO of ‘Ready for Job’ has suggested that the Companies which want more and more people to apply for jobs in their organization should make the process for applying for jobs easier and candidate friendly.’</p> <p>Name and explain the next two steps which follow the step, in the process of the function of management being discussed above.</p> <p style="text-align: center;">OR</p> <p>Training is the art of increasing the knowledge and skills of an employee for doing a particular job. Explain Training and write the advantages of training to the organisation.</p>	4
27	<p>Aditi set-up a company ‘Dantik Ltd.’ to manufacturer toothpastes using herbs found in her village instead of chemicals that are hazardous to health. The package of the product was eco-friendly and had details like price, quantity, ingredients, directions for use and other relevant information. It also carries the contact details like address, phone number and e-mail id of ‘Dantik Consumer Services and Grievance Cell’. The toothpaste became very popular and she started getting orders from reputed traders.</p> <p>(a) Identify and explain any two Rights of Consumers discussed above.</p>	4
28	<p>“Sarah Ltd.” is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well-managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.</p> <p>The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.</p>	4

	Quoting the lines from the above discussion identify and explain such factors.	
29	<p>A company has employees from different countries. They speak different languages. Once, the management decided to draft the message of congratulating the employees of the New York in their native languages. For this they had to translate the same message in different languages. On the 5th of January there was a strike by people belonging to a particular country showing resentment on the wrong language used in the greetings.</p> <p>a. Identify and state the communication barrier discussed above. b. State the category of this communication barrier. c. Explain any two other communication barriers of the same category.</p>	4
30	<p>A company's earnings before interest and tax is Rs. 7 lakh. It pays 10% interest on its debt. Total investment of company is Rs. 50 lakh.</p> <p>1. Advise company whenever it should include debt or equity to raise its capital. 2. Name the concept related to this. 3. Will be company's decision to raise funds from debt or equity will change if company's EBIT becomes 3 lakh.</p>	4
31	<p>Raj and Simran are both qualified eye surgeons and good friends. After obtaining a certificate of practice, they decide to pursue a career of their own choice. Raj starts an eye care center in the city whereas Simran joins a government hospital in a small village. They meet after a long time in a party. Raj invites Simran to visit his eye care center and she accepts his invitation. She observes at his clinic that there is a fixed place for everything and everyone and it is present there so that there is no hinderance in the activities of the clinic. Also, Raj always tends to replace 'I' with 'We' in all his conversations with the staff members. Later on, Raj shares with her that he always deals with lazy staff sternly to sends the message that everyone is equal in his eyes.</p> <p>In context of the above case: Identify and explain the various principles of management that Raj is applying for the successful management of his eye care center.</p> <p style="text-align: center;">OR</p> <p>'New Delhi Ltd.' is a famous service providing company. Mr. Aman Malhotra is its Managing Director. He continuously motivates his Research and Development department that new and latest methods of doing work be explored. The provisions have also been made to give reward to those employees who will participate in a particular exploration. He also believes that two groups working on managerial and non-managerial posts are similar to two wheels of an organisational vehicle. If this vehicle (organisation) is to be driven in a right way then both the wheels should be property aligned. Mr. Aman is a successful leader. Among his employees, he has instilled the feeling that no decision will be taken without consulting the subordinates. To excel in this field, is the main motive of Mr. Aman and he paid lot of attention to training of employees. Identify the principles of scientific management discussed above by quoting the lines.</p>	6
32	<p>Two years ago, Meena completed her degree in food technology. She worked for some-time in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same. One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit</p>	6

	<p>from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the Production Manager who decided the exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Meena informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and apron was announced. Quoting lines from the above paragraph, identify and explain the different types of plans discussed.</p> <p style="text-align: center;">OR</p> <p>Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business venture, they short listed the option to sell ready-made and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short-listed options.</p> <p>On the basis of above para, answer the following: (i) Name the function of management being discussed above. (ii) Explain the importances of the function identified above.</p>	
33	<p>Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed in the various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project work in Business Studies, she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use the Internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no predetermined specifications in case of rice because of which it was difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties, namely — Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.</p> <p>(i) Explain the three functions of marketing with reference to the above paragraph. (ii) Explain three other functions of marketing than the ones identified in (i)</p>	6
34	<p>A company manufacturing cosmetics, which has enjoyed a pre-eminent position in business, has grown in size. Its business was very good till 1991. But after that, new liberalized environment has seen entry of many MNC's in the sector. With the result the market shares of X limited has declined. The company had followed a very centralized business model with directors and divisional heads making even minor decisions. Before 1991, this business model had served the company very well as consumers has no choice. But now the company is under pressure to reform.</p> <p>What organization structure changes should the company bring about in order to retain its market share? How will the changes suggested by you help the firm?</p>	6