



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

BUSINESS STUDIES (054)- SAMPLE PAPER 1

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.		Marks
1	<p>Which of the following statement is false regarding financial management?</p> <ol style="list-style-type: none">a. Aims at ensuring availability of enough funds whenever requiredb. Aims at reducing the cost of funds procuredc. Is concerned with optimal procurement as well as usage of financed. Facilitates price discovery for securities of company	1
2	<p>Manisha found small stones in a newly opened red chili powder packet manufactured by a reputed firm, Masala Mantra Ltd. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care center. When all her efforts go in vain, she went to a consumer activist group to seek advice.</p> <p>The group decided to help her and take measures to impose restrictions on the sales of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Masala Mantra lost its magic in the market. The Board of Directors gave the responsibility of bringing back the lost image of the company to the General Manager.</p> <p>Which of the following concept of marketing management will help the General Manager to get the firm out of the above crisis?</p> <ol style="list-style-type: none">a. Advertisingb. Sales promotionc. Public relationsd. Personal selling	1

3	<p>Texo Ltd has recently shifted their resources in manufacturing transistors from vacuum tubes as the demand of transistors has started rising. Identify the dimension of business environment highlighted here.</p> <ul style="list-style-type: none"> a. Technological b. Social c. Political d. Economic 	1
4	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Price in a Marketing Mix is a marketing communication process that helps the company to publicize the product and its features to the public</p> <p>Reasoning (R): The concept of product also includes the extended product or what is offered to the customers by way of after sales services</p> <p>Alternatives:</p> <ul style="list-style-type: none"> a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b. Both Assertion (A) and Reason (R) are true and 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 	1
5	<p>Aman had 55 shares of Vani Ltd. He wanted to sell 30 shares, so he went for a specific market to sell them through online portal. He went for which of the following markets?</p> <ul style="list-style-type: none"> a. Money market b. Secondary market c. Primary market d. Higher market 	1
6	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Banks and financial markets are two major alternative mechanisms through which allocation of funds can be done</p> <p>Reasoning (R): Banks and financial markets are competing intermediaries in the financial system</p> <p>Alternatives:</p> <ul style="list-style-type: none"> a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). 	1

	<p>b. 'Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>c. Assertion (A) is true but Reason (R) is False</p> <p>d. Assertion (A) is False but Reason (R) is True</p>	
7	<p>'Anyone can be called a manager irrespective of the educational qualification possessed'</p> <p>Identify the characteristic of profession that Management does not fulfill in the statement being discussed above:</p> <p>a. Ethical code of conduct</p> <p>b. Professional association</p> <p>c. Restricted entry</p> <p>d. Service motive</p>	1
8	<div style="text-align: center;"> <pre> graph TD MD[Managing Director] --> HR[Human Resources] MD --> M[Marketing] MD --> RD[Research and Development] MD --> P[Purchasing] </pre> </div> <p>Identify the organizational structure given in the image above:</p> <p>a. Functional structure</p> <p>b. Divisional structure</p> <p>c. Management structure</p> <p>d. Informal organization</p>	1
9	<p>For the following two statements choose the correct option:</p> <p>Statement I: The basic purpose of warehousing activities is to arrange placement of goods and provide facilities to store them</p> <p>Statement II: Larger the number of warehouses a firm has, lesser would be the time taken in serving customers.</p> <p>Alternatives:</p> <p>a. Statement I is correct and Statement II is wrong</p> <p>b. Statement II is correct and Statement I is wrong</p> <p>c. Both statements are correct</p> <p>d. Both statements are wrong</p>	1
10	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Middle management is the link between top and lower-level managers</p>	1

	<p>Reasoning (R): Middle management is subordinate to top managers and superior to the first line managers</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) Assertion (A) is true but Reason (R) is False Assertion (A) is False but Reason (R) is True 	
11	<p>‘Saarathi’ the name has been associated with the manufacturing and sale of Fashion products since 1960, when Kapil Saarathi opened his first retail fashion clothing outlet in Ahmedabad. Saarathi Cosmetics was incorporated in India in 1940, and became a member of the S & M family of companies in 1959.</p> <p>Saarathi Perfumes began operations in Gujarat in an existing administrative S & M facility in 1985. An important difference between S & M and most other companies is that instead of operating as one large corporation it operates as 180 smaller companies each focused on a specific product and area, implying selective dispersal of authority, recognizing the decision makers need for autonomy, as decision making authority is pushed down the chain of command. It enables the company to maintain short lines of communication with customers and employees, and accelerate the development of talent.</p> <p>From the above given case, identify the philosophy that is being followed by S & M through which it is dividing the decision-making responsibilities among hierarchical levels.</p> <ol style="list-style-type: none"> Delegation of authority Decentralization of authority Division of work Span of management 	1
12	<p>A.S. Ltd is a large company engaged in assembly of air conditioners. Recently the company had conducted Time and Motion Study and concluded that on an average, a worker can assemble ten air conditioners in a day. The target volume of the company in a day is assembling of 1000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V that some of the workers were busy gossiping.</p> <p>Identify the function of management discussed above.</p> <ol style="list-style-type: none"> Staffing Directing Controlling 	1

	d. Organizing	
13	<p>For the following two statements choose the correct option:</p> <p>Statement I: Personal selling involves written presentation of message.</p> <p>Statement II: Personal selling allows a salesperson to develop personal relationships with the prospective customers</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Statement I is correct and Statement II is wrong Statement II is correct and Statement I is wrong Both statements are correct Both statements are wrong 	1
14	<p>The shift of demand from soft drinks to juices is an opportunity for juice companies and threat for soft drink companies. Identify the feature of business environment.</p> <ol style="list-style-type: none"> Relativity Complexity Uncertainty Dynamic 	1
15	<p>Zamara Garments Ltd. Found that there was decline in sales even in the festive season. After analyzing, it was found that purchase and sales department were not synchronizing so that supply of goods could take place according to purchase orders.</p> <p>Which aspect of management is lacking above?</p> <ol style="list-style-type: none"> Planning Organizing Controlling Coordination 	1
16	<p>For the following two statements choose the correct option:</p> <p>Statement I: Money market is a market where low risk, unsecured and short-term debt instruments that are highly liquid are traded</p> <p>Statement II: Money market has no physical location</p> <p>Alternatives:</p> <ol style="list-style-type: none"> Statement I is correct and Statement II is wrong Statement II is correct and Statement I is wrong Both statements are correct Both statements are wrong 	1
17	<p>Identify the importance of business environment stated in the below mentioned lines.</p> <p>“To run a restaurant, one needs to assemble various resources called inputs like finance, machines, raw materials, power and water, labour, etc.”</p> <ol style="list-style-type: none"> It helps in tapping useful resources 	1

	<ul style="list-style-type: none"> b. It helps in coping with rapid changes c. It helps in assisting in planning and policy formulation d. It helps the firm to identify threats and early warning signals 									
18	<p>Match the following tools of promotion with their explanation and choose the correct option</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">A. It focuses on building a positive image of the company and managing its relationship with the public</td> <td style="width: 50%; padding: 5px;">1. Sales promotion</td> </tr> <tr> <td style="padding: 5px;">B. It includes a variety of activities to stimulate quick sales, such as discounts, coupons, and contests</td> <td style="padding: 5px;">2. Public relations</td> </tr> <tr> <td style="padding: 5px;">C. This tool uses various media channels to reach a wide audience with a consistent message.</td> <td style="padding: 5px;">3. Personal selling</td> </tr> <tr> <td style="padding: 5px;">D. This tool involves direct interaction with potential customers and can be highly personalized</td> <td style="padding: 5px;">4. Advertising</td> </tr> </table> <p style="margin-top: 10px;"> <ul style="list-style-type: none"> a. A (2), B (1), C (4), D (3) b. A (1), B (4), C (3), D (2) c. A (4), B (3), C (2), D (1) d. A (3), B (2), C (1), D (4) </p>	A. It focuses on building a positive image of the company and managing its relationship with the public	1. Sales promotion	B. It includes a variety of activities to stimulate quick sales, such as discounts, coupons, and contests	2. Public relations	C. This tool uses various media channels to reach a wide audience with a consistent message.	3. Personal selling	D. This tool involves direct interaction with potential customers and can be highly personalized	4. Advertising	1
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19	Name the technique of scientific management which helps in establishing interchangeability of manufactured parts and products	1								
20	<p>Which of the following is an element of political environment?</p> <ul style="list-style-type: none"> a. Existing structure of the economy in terms of relative role of private and public sectors b. Rise in disposable income of people due to increase in the gross domestic product of a country. c. Legislations passed by the government authorities d. Attitude of the elected government representatives towards business 	1								
21	Explain any three reasons which clarify that management is gaining importance day by day	3								
22	<p>Explain with an example how controlling leads to:</p> <ul style="list-style-type: none"> a. Resistance from employees b. Costly affair c. Difficulty in setting quantitative standards <p style="text-align: center;">OR</p> <p>Kapil and Kamal & Co is a large manufacturing unit. Recently the company had conducted time and motion studies and concluded that on an average, a worker could produce 300 units per day. However, it has been noticed that the average daily production of a worker is in the range of 200-225 units.</p> <ul style="list-style-type: none"> a. Identify the function of management in the case above b. Identify and explain the step in the process of this function which helped in finding out that the actual production of worker is less than the set target 	3 3								

	c. To complete the process of the function identified in (a) and to ensure the performance as per time and motion studies, identify and explain what further step a manager has to take	
23	<p>Sahil, the director of a garments company, decided to manufacture bags for the utilization of waste material of one of his garment units. He decided to hire different heads for Sales, accounts, purchase and production. The company is in the process of selecting these department heads.</p> <p>Advice the company about any three types of selection tests that they may use for selecting a suitable candidate.</p>	3
24	<p>A business magazine, 'Btimes' has published a report on how SEBI is serious about training of the intermediaries and deciding their code of conduct. A lot of research has been going on in various related areas and the information of use is being published so that various participants can get useful results from it.</p> <p>Identify and explain the type of function of SEBI mentioned in the above case.</p> <p style="text-align: center;">OR</p> <p>Financial markets play an important role in the allocation of scarce resources in an economy.</p> <p>In light of this statement, explain any three functions of financial market.</p>	3
25	<p>Harold chemicals is looking for qualified and talented people to apply for vacant jobs in the organization. With the passage of time the organisation has learned a lot with its experience. It knows when it goes for final selection of candidates, it will have to design different tests.</p> <p>They want to test the employees on the basis of their learning and decision-making ability. The company wants to ensure proper testing of the recruited candidates. After this the candidates will be judged on the basis of in-depth formal conversation. After the selection the candidates are placed and trained. Employees have to be trained on the equipment they will be using but this training will take place away from the workplace.</p> <p>a. Identify the type of recruitment the company should depend upon. b. Also, state any three sources of the type of recruitment identified in (a).</p> <p style="text-align: center;">OR</p> <p>TechMach Innovations, a company specializing in manufacturing advanced machinery, had invested in a cutting-edge assembly line, consisting of intricate machinery that was crucial to their production process. To ensure their employees were well-equipped to operate and maintain this new machinery. Their HR team initiated the training process.</p> <p>For this purpose, a simulated area was equipped with replica machinery and tools identical to what employees would encounter on the actual assembly line. The aim was to create a safe space for employees to get a feel for the machinery without the pressure of real-time production.</p> <p>Under the guidance of seasoned instructors, employees practiced operating the machinery, troubleshooting minor issues, and understanding the equipment's nuances.</p>	4

	<p>Subject matter experts and engineers delivered comprehensive theoretical knowledge about the machinery. This helped to cover machinery specifications, safety protocols, maintenance procedures, and problem-solving techniques. Employees had the opportunity to ask questions, clarify doubts, and understand the machinery's underlying principles.</p> <p>This training session enhanced their ability to grasp the theoretical aspects of machinery operation, making them more proficient in handling complex situations.</p> <p>Identify and explain the type of off the job training methods described in the above case.</p>	
26	<p>Atul works in a software company. The company is growing by leaps and bounds. The employees are happy as they get timely salaries, their basic incentive, they are also supported by regular increments in their salaries every year. The HR department these days is busy calculating the various expenditures, the company will have to incur in paying the employees.</p> <p>The company however has decided to increase the fringe benefits like car allowance, foreign trips, etc. With this step the company will enter into the list of few chosen companies to do so.</p> <p>For the elderly members of the organisation the company has decided to include gratuity in the list of benefits along with already given benefits like pension and provident fund. However, there are a few more steps taken by the company in the direction of providing financial incentives which can be considered truly unique. It is about providing company's shares at price lower than the market price. All these steps have lifted the morale of the employees.</p> <p>Identify and explain any four financial incentives that have been highlighted in the above case.</p> <p style="text-align: center;">OR</p> <p>Communication has been defined as a process. This process involves certain elements.</p> <p>Elucidate the elements involved in the process of communication after the message has been converted into communication symbols such as words, pictures, gestures</p>	<p>4</p> <p>4</p>
27	<p>Clara bought a skin lightening cream for a perfect and bright skin tone. As days turned into weeks, Clara excitedly applied the cream, anticipating a noticeable transformation. However, to her disappointment, no changes occurred. Her skin showed no signs of the promised lightening effect. She began to suspect that something was amiss.</p> <p>Upon closer inspection, she noticed that the ingredients listed on the product were barely present in the cream. To add to her worries, Clara observed that her skin had started to develop a reddish tint, which was alarming.</p> <p>Fearing the worst, she decided to consult a dermatologist to address her increasingly concerning skin condition. The dermatologist's diagnosis revealed that her skin issue was far more serious than she had initially thought. The misused beauty cream had aggravated</p>	4

	<p>her skin problems, and a lengthy and expensive treatment plan costing Rs. 2 lakhs were prescribed to rectify the damage.</p> <p>In context of above case:</p> <ol style="list-style-type: none"> Identify and explain the consumer right that Clara can exercise. Give information in detail about any agency empowered by the Consumer Protection Act, provide help to Clara. 	
28	Explain any four factors affecting the requirement of Fixed capital	4
29	<p>John is at a pivotal point in his business journey, as he seeks to expand his small manufacturing enterprise. To fuel this expansion, he needs to secure the required capital. In his quest to raise funds, John is faced with a crucial decision that will shape the financial structure of his business. He is evaluating various options, such as obtaining a bank loan, issuing bonds, or attracting investors, to determine the most suitable means of financing his business expansion.</p> <ol style="list-style-type: none"> Identify and explain the type of decision mentioned in the above case. Explain any two of its factors 	4
30	<p>Mr. Shubhendu Bose is the owner of 'Bikmac Enterprises,' a well-established biscuit manufacturing company. However, the organization had been facing a significant challenge—targets were consistently not being met, and there was growing discontentment among the employees.</p> <p>Concerned about the situation, Mr. Bose turned to his son, Naval, who had recently completed his MBA, to investigate the underlying causes. Naval embarked on a thorough analysis and quickly identified the primary issue within the organization.</p> <p>He found that all decision-making powers and responsibilities were concentrated in the hands of his father, Mr. Shubhendu Bose. Mr. Bose had a strong belief in his own decision-making capabilities and was somewhat reluctant to trust the employees in key decision-making processes. This unilateral approach created an organizational barrier within Bikmac Enterprises.</p> <p>Employees were not actively involved in the decision-making, and their input was seldom sought. This lack of inclusion led to a significant disconnect between the management and the employees.</p> <p>As a result, the employees felt unheard and undervalued, which, in turn, contributed to their discontentment. The lack of collaboration and open communication within the organization hindered its ability to achieve its targets.</p> <p>Identify the barrier to communication highlighted in the case above. Also, explain its factors.</p>	4
31	<p>Pink Steps is a very innovative footwear organization. The company has the policy of paying proper attention to the training of managers. The organization teaches various management principles to the managers whenever required so that they can apply them and understand the practical aspects of business through them.</p> <p>Year by year the organization is able to increase its revenue. This is because the managers are able to economically use the funds of the organization and increase the output of the</p>	6

	<p>workers through various principles like discipline and science not rule of thumb. This year the company will be opening its 14th branch in India. The firm has decided to start the campaign for adopting poor children. This year the target is 500 poor children due to be adopted. This will help the organization put noticeable example in front of others who can learn a lot from this initiative of the company.</p> <p>Identify and explain the importance of principles of management that are highlighted in the above case?</p> <p style="text-align: center;">OR</p> <p>Maria opens a showroom in Delhi after completing a course in fashion designing. She has employed 12 persons in her showroom. For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 15% discount, whereas the decision to give any further discount rests with Maria as the final authority. In the earlier days of starting the business, six of her employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, after eight months when the business was doing well, she awarded a cash bonus to each of these employees to honor her commitment.</p> <p>In the context of the above case, identify and explain the various principles of management which are being applied by Maria by quoting lines from the paragraph</p>	6
32	<p>Ludhiana Textiles Ltd. Manufactures woolen garments. The manager of the company wants to increase the profit by either of the following:</p> <ol style="list-style-type: none"> a. Purchasing new high-speed machines and increasing production, or b. Increasing the selling price or c. Using the scrap and waste materials to manufacture stuffed toys. <p>The manager decided that using scrap materials to manufacture stuff toys would be the best option to choose.</p> <ol style="list-style-type: none"> a. Identify the management function involved. b. Mention the steps involved in the above function by quoting the lines from the above. c. To complete the function identified in (a), what further steps the manager should take? <p style="text-align: center;">OR</p> <p>Relo Ltd is a laptop manufacturing company. The company decides to enter into refrigerator manufacturing industry. The company has a committed top management. It knows that there are various challenges in the market where its decisions regarding the new industry might fail. Still the top management doesn't want to waste a lot of resources on its plans. It knows that sometimes plans take more time in making than getting implemented. However, the company wants to proceed with a positive approach. It has decided to study all the aspects of its competitors, to set all objectives and to allocate the required resources. The company did well in its previous business. At that time, they took planning very seriously as they knew everything the company would do had to be based on concrete plans. The company will start its operations from next month</p>	6

	<p>a. Identify and explain the function of management that has been discussed in the above case?</p> <p>b. Identify and explain any two limitations of the function identified above</p>	
33	<p>Rita rushed to the art supply store to buy a set of paint tubes for her son's school project. As she scanned the shelves, she noticed a stack of paint tubes that lacked their usual outer covering. In a hurry and eager to get back home, she grabbed the paint tube and headed to the checkout.</p> <p>On her way home, with her son sitting in the back seat, Rita placed the shopping bags on the car seat next to him. Little did she realize that the paint tube she bought had no protective seal, and the vibrant paint inside had already started to ooze out.</p> <p>Upon reaching home, as she started unloading the groceries, she was shocked to discover a colorful mess in the back seat. Her son's pants were smeared with paint, and the car seat was equally splattered. It was a frustrating situation.</p> <p>She decided to take action against the paint company, considering the inconvenience and damage caused by their product. She sought legal advice with the intention of holding the company accountable for the lack of attention and the subsequent mess it had created.</p> <p>a. Identify and explain the important product related decision that was not taken into consideration by the company.</p> <p>b. Explain any two functions and any two points of importance of the identified concept.</p>	6
34	<p>D.D Industries is a company dealing in office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important, many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organisation. After evaluating the various alternatives, Albert, the Managing Director of the company, decided that they should add 'Home Interiors and Furnishings' as a new line of business activity.</p> <p>a. Identify and state the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity?</p> <p>b. State any two limitations and any two benefits of this framework.</p>	6