



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

PRELIMINARY EXAMINATION I

Class: XII

BUSINESS STUDIES (054)

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	<p>It is defined as the framework within which managerial and operating tasks are performed.</p> <p>(a) Span of management (b) Organisational structure (c) Informal organisation (d) None of the above</p> <p>Ans : b</p>	1
2	<p>Digi Locker is the country's first secured cloud-based platform for the storage, issuance and verification of documents with the Driving License & Vehicle Registration System of the Road Transport Ministry. The integration of a government department with Digi Locker since its launch last year is one of the biggest of its kind. It has removed the trouble of carrying licenses & vehicle papers, which now can be accessed on phones using the Digi Locker App. Identify the related dimension of business environment.</p> <p>(a) Economic dimension (b) Technological dimension (c) Social dimension (d) Political dimension</p> <p>Ans : b</p>	1

3	<p>Identify the type of organisational structure which makes training of employees easier, as the focus is only on a limited range of skills.</p> <p>(a) Network structure (b) Divisional structure (c) Functional structure (d) Matrix structure</p> <p>Ans: c</p>	1
4	<p>The Economic Survey, 2019 suggests that the psychological biases can be used in the realm of tax compliance. It is in favor of using religious norms such “dying in debt is a sin” to improve tax compliance. Identify the related dimension of business environment.</p> <p>(a) Legal dimension and Social dimension (b) Social dimension and Economic dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension.</p> <p>Ans. b</p>	1
5	<p>“Management has to achieve variety of objectives in all areas considering the interest of all stakeholders including shareholders, employees, customers and the government. The main objective of any organisation should be to utilize human and material resources to the maximum possible advantage.” Identify the type of objective of management highlighted above.</p> <p>(a) Organizational objectives (b) Social objectives (c) Personal objectives (d) None of these</p> <p>Ans: a</p>	1
6	<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> <p>Ans: d</p>	1
7	<p>The growing awareness about healthcare has led to an increase in the demand for healthcare products and services in the country. Identify the feature of business environment being described in the above case.</p>	1

	<p>(a) Dynamic nature (b) Uncertainty (c) Relativity (d) Interrelatedness Ans : d</p>	
8	<p>Identify the dimension of the characteristic of management- “It is multidimensional”, which specifies that the task of management is to make the strengths of human resources effective and their weaknesses irrelevant towards achieving the organization’s objectives. (a) Management of work (b) Management of people (c) Management of operations (d) Management of goals Ans: b</p>	1
9	<p>Prakash has set up a small business unit for the manufacturing of detergent. In order to market the detergent in the local residential areas, he has appointed a team of ten salesmen. Each salesman is expected to sell at least 200 units of the detergent within a week’s time. Identify the point of importance of controlling being highlighted in the above case. (a) Controlling helps in judging accuracy of standards. (b) It ensures efficient use of resources. (c) It helps in improving employee motivation. (d) It facilitates co-ordination in action. Ans : C</p>	1
10	<p>This analysis would enable an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives (a) Breakeven analysis (b) Workload analysis (c) Workforce analysis (d) All of the above Ans : B</p>	1
11	<p>_____ ensures that the subordinate performs tasks on behalf of the manager thereby reducing his workload and providing him with more time to concentrate on important matters. (a) Decentralization (b) Delegation of authority (c) Authority (d) Accountability Ans: b</p>	1
12	<p>Assertion (A): Advertising costs are passed on to consumers in the form of higher prices. Reason (R): Advertising helps in increasing sales and thereby reducing cost. Alternatives: 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).</p>	1

	<p>c) Assertion (A) is true but Reason (R) is False d) Assertion (A) is False but Reason (R) is true.</p> <p>Ans: c</p>											
13	<p>Match the items given under 'A' with the suitable statements under 'B'.</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;">Column – (A)</td> <td style="text-align: center; width: 50%;">Column – (B)</td> </tr> <tr> <td>i) Capital Structure</td> <td>A) It is concerned with optimal procurement as well as</td> </tr> <tr> <td>ii) Financial Management</td> <td>B) It refers to the mix between owners and borrowed fu</td> </tr> <tr> <td>iii) Working Capital Decisions</td> <td>C) The proportion of debt in the overall capital</td> </tr> <tr> <td>iv) Financial Leverage</td> <td>D) Short term investment decisions</td> </tr> </table> <p>Options</p> <p>a) i – B, ii – A, iii – D, iv – C b) i – A, ii – B, iii – C, iv – D c) i – C, ii – A, iii – B, iv – D d) i – A, ii – B, iii – D, iv – C</p> <p>Ans – a)</p>	Column – (A)	Column – (B)	i) Capital Structure	A) It is concerned with optimal procurement as well as	ii) Financial Management	B) It refers to the mix between owners and borrowed fu	iii) Working Capital Decisions	C) The proportion of debt in the overall capital	iv) Financial Leverage	D) Short term investment decisions	1
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14	<p>It is defined as a process of influencing other people to work willingly for group objectives. Identify this element of directing.</p> <p>a) Leadership b) Motivation c) Communication d) Supervision</p> <p>Ans- a</p>	1										
15	<p>A company is likely to declare higher dividends if -----</p> <p>(a) Tax rates are high (b) Tax rates are relatively lower (c) Tax rate has no effect on dividend declaration (d) None of the above</p> <p>Ans: b</p>	1										
16	<p>This training is provided to the new employees of the organization to familiarize them with the organizational rules and policies, their superior and subordinates and so on. Identify the type of training discussed above.</p> <p>a. Internship Training b. Induction training c. Apprenticeship Training</p>	1										

	d. Vestibule Training Ans: b									
17	A person feeling hungry may get food by offering to give money or some other product or service in return to someone who is willing to accept the same for food. The important feature of marketing illustrated above is: (a) Exchange mechanism (b) Customer value (c) Creating a market offering (d) Needs and wants Ans A	1								
18	Match the concept of marketing in Column I with their respective definition in Column II <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;">COLUMN – I</td> <td style="text-align: center;">COLUMN – II</td> </tr> <tr> <td>A) Product Concept</td> <td>i. relates to maintaining high quality of the product</td> </tr> <tr> <td>B) Selling Concept</td> <td>ii relates to satisfying customer needs</td> </tr> <tr> <td>C) Marketing Concept the product</td> <td>iii. relates to aggressively persuading buyer to purchase</td> </tr> </table> A. i, ii, iii B. ii, i, iii C. iii, ii, i D. i, iii, ii Answer D	COLUMN – I	COLUMN – II	A) Product Concept	i. relates to maintaining high quality of the product	B) Selling Concept	ii relates to satisfying customer needs	C) Marketing Concept the product	iii. relates to aggressively persuading buyer to purchase	1
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19	<p>“Sunrice” is a rice manufacturing company and distributes rice over large geographical area. He sells rice in different categories such as basmati rice, brown rice, long grain rice, organic rice etc. He ensures that rice belongs to a particular quality and helps in realising higher prices for high quality output. Identify the function of marketing discussed in the above case.</p>  <p>(A) Marketing Planning (B) Product Designing and Development (C) Packaging and Labelling (D) Grading Ans : D</p>	1								

20	<p>Which of the following is not a benefit of training and development to an organization?</p> <p>a. Help to avoid wastage of efforts and money b Enhance employee productivity c. Lead to better career of the individual d. Reduce absenteeism and increase employee turnover</p> <p>Ans: C</p>	1
21	<p>Management of Alpha Ltd. has installed a special recycling plant to recycle the waste instead of dumping the waste in ground. It is also providing employment opportunities to local residents. The company also started a school nearby for the children of their employees.</p> <p>(i) Identify the Objectives company is fulfilling. (ii) Quote the lines from above para which indicate those objectives.</p> <p>Ans. (i) Social and Personal Objectives. (ii) — Installed a recycle plant. Social Objective. — Started a school for children of their employees. Personal Objectives.</p>	3
22	<p>Resolutions Pvt. Ltd. is a publishing company. It's book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers.</p> <p>1. Name and explain the step of staffing process which has not been performed properly. 2.State the next two stages immediately following the step identified in part 'a'.</p> <p>Answer: 1. The step of staffing process which has not been performed properly is: Estimation of manpower requirements: It is the first step in the staffing process and is carried out with the help of workload analysis (assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives) and work force analysis (assessment of the number and type available). 2. The next two stages immediately following the step Estimation of manpower requirement are as follows: (a) Recruitment: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. (b) Selection: Selection is the process of choosing the best candidate from a pool of applicants.</p>	3
23	<p>Hina Sweets is a renowned name for quality sweets since 1935. Harsh the owner of Hina Sweets was worried as the sales had declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about the quality of sweets. Therefore, Harsh ordered for sample checking of sweets. Identify and explain the step taken by Harsh that is related to one of the functions of management.</p> <p>Answer: Measurement of actual performance is the step in controlling process being described.</p> <p style="text-align: center;">OR</p> <p>Explain Critical Point Control and Management by Exception</p> <p>Answer:</p>	3

	<p>(a) Critical point control: All the deviations may not be significant. Moreover, it may not be either economical nor easy to monitor each and every activity in the organisation. Therefore, every organisation identifies and states its specific key result areas (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management. Like if the expenditure on refreshment of workers goes up by 10% it can be ignored but if the production cost goes up by 5% it may call for managerial action.</p> <p>(b) Management by exception: Management by exception is the principle of management control which is based on the belief that if you try to control everything, you may end up controlling nothing. Therefore, only significant deviations which go beyond the permissible limits should be brought to the notice of the management. Like the output defects upto 2% may be considered acceptable but if goes up by 5% it may call for managerial action.</p>	
24	<p>Kiran 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, Sukhvinder, 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) Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer. (b) State any two limitations of this framework.</p> <p>Answer: (a) Divisional structure should be adopted by the diversified organisation to enable it to cope with the emerging complexity. Reason: It leads to faster decision making, promotes flexibility and initiative because each division functions as an autonomous unit. (b) The two limitations of divisional structure are as follows: * There may be conflicts among the different divisions heads as in pursuit of higher profits, each of them may seek maximum allocation of resources at the cost of other divisions. * The cost is high as each division is provided with separate set of similar functions.</p> <p style="text-align: center;">OR</p> <p>Differentiate between formal and informal organization</p>	3

Basis	Formal organisation	Informal organisation
Meaning	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
Origin	Arises as a result of company rules and policies	Arises as a result of social interaction
Authority	Arises by virtue of position in management	Arises out of personal qualities
Behavior	It is directed by rules	There is no set behaviour pattern
Flow of Communication	Communication takes place through the scalar chain	Flow of communication is not through a planned route. It can take place in any direction
Nature	Rigid	Flexible
Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.

25

Discuss any four off – the job training methods

Ans: Class room lectures/ conferences, films, case study, compute modelling, vestibule training, programmed instruction

OR

Explain any four types of selection tests

Ans: Trade test, interest test, aptitude test, personality test, intelligence test.

4

26

Explain Semantic Barriers of Communication (Any 4)

Ans:

- (i) Badly expressed message**
- (ii) Symbols and words with different meaning**
- (iii) Faulty translation**
- (iv) Unclarified assumptions.**
- (v) Technical Jargon**
- (vi) Body language and gesture decoding**

OR

Explain any four measures to be taken to overcome the barriers of communication.

Ans:

4

	<p>Clarify Ideas before Communication Communicate according to the needs of receiver Consult others before communicating Be aware of languages, tone and content of message Convey things of help and value to listeners Ensure proper feedback Communicate for present as well as future: Follow up communications Be a good listener</p>	
27	<p>Ayesha Ltd. assured their employees that in spite of recession, no worker will be retrenched from the job.</p> <p>a. Name the type of incentive offered to the employees. b. Explain three more incentives of the same category.</p> <p>Ans: i. The name of the incentive offered is Job security. ii. Explanation of any three non-financial incentives</p>	4
28	<p>You are the financial manager of a newly established company the directors have asked you to determine the amount of fixed capital requirement for the company. Explain any five factors that you will consider while determining the fixed capital requirement for the company.</p> <p>Ans: Nature of business, scale of operations, choice of technique, technology upgradation, growth prospects, diversification, level of collaboration, financing alternatives</p>	4
29	<p>Tata International Ltd. earned a net profit of Rs. 50 crores. Ankit, the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Discuss any four factors which will help him in taking this decision.</p> <p>Ans: Earnings, Stability of earnings, stability of dividends, growth opportunities, cash flow position, shareholder preference, taxation policy, stock market reaction, access to capital market</p>	4
30	<p>Explain Maslow's Need Hierarchy Theory of Motivation</p> <p>Ans: Basic Physiological needs, safety and security needs, affiliation and belongingness needs, esteem needs and self-actualization needs.</p>	4
31	<p>Kona Kona construction is a well-known firm. It has many employees. Its core competence is in construction work but it has many other operations to tackle also. These operations are connected to public relations, advertising, finance, etc. With changing times, the company has decided to outsource these services from the experts, of these fields. Thus it has decided to save time and concentrate on its main business. There is team of civil engineers who form the main body of the decision group. This group takes decision related to future construction projects after making thoughtful and justifiable conclusions. The newspapers of the country have also appreciated the efforts made by Kona Kona construction in giving better housing</p>	6

facilities to the people in general. Company wants to walk shoulder to shoulder with other international firms in the industry. For this it prepares its employees through proper training modules which educate them about the changing situations at the global level. The net worth of the company is expected to touch Rs. 20,000 crores this year which is going to be a landmark achievement in the history of this firm. The company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

Which points of importance of principles of management have been highlighted in the above case? Also quote the lines and explain the importance of principles of management identified.

Answer:

The points of importance of principles of management which are highlighted in the above case:

Meeting changing environment requirements. With the changing times the company has decided to outsource these services from the experts of these fields.

Scientific decisions. This group takes decision related to future construction projects after making thoughtful and justifiable conclusions.

Management training, education and research. For this it time and again prepares its employees through proper training modules which educate them about the changing situations at the global level.

Fulfilling social responsibility. The Company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

OR

‘Work is Worship’ is a leading construction company. The organisation has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organisation went through a revolution. All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the amount of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.

Which concept of management has been discussed in the above case?

Name the three types of this management concept highlighted above. Also identify the lines where these types have been indicated along with suitable explanation.

Answer:

The concept of management which is discussed above in the whole case is Techniques of Scientific Management.

The various types of techniques used are:

Time Study. All the operations and activities were properly noticed and the standard time taken to perform them was noted.

Fatigue Study. The amount and frequency of rest intervals in finishing a particular task were noted.

Differential Piece Wage System. A different rate of wage payment was decided for those workers who performed above the standard.

32	<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>Name the function of management being discussed above and give any one of its characteristics.</p> <p>Also, briefly discuss any three limitations of the function discussed in the case.</p> <p>Ans: Planning Time consuming, costly, does not guarantee success, leads to rigidity, reduces creativity, may not work in dynamic environment</p> <p style="text-align: center;">OR</p> <p>‘Agile Ltd.’ is a well-known automobile manufacturing company in India. The company plans to increase the sale of its sedan cars by 20% in the next quarter. In order to achieve the desired target, the marketing team of the company considers the impact of policy of the government towards diesel vehicles and the level of competition in this segment of cars. They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the car, etc. A thorough analysis of the various available options is done keeping in view the relative viability of each option. The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan cars. In order to implement the plan, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media. The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.</p> <p>In context of the above case:</p> <p>(a) Name the function of management described in the above paragraph.</p> <p>(b) Explain the first five steps involved in process the function of management as identified in part (a)</p> <p>Ans: Planning Setting objectives, Developing premises, Identifying alternative courses of action, Evaluating the alternative courses, Selecting the best alternative</p>	6
33	<p>There were two vacancies for the post of Assistant Manager in ‘Mayur Electrics Private Ltd.’ ‘Renil,’ the Human Resources Manager identified one suitable candidate ‘Salim’ from within the organization and promoted him to the post of Assistant Manager. For another post, the Manager Renil took help of a placement agency and selected ‘Vikas’. After six months, Renil</p>	6

	<p>observed that ‘Salim’ performance was much better than ‘Vikas performance though ‘Salim’ was less qualified than ‘Vikas’. Hence, ‘Renil’ decided that in future he will not make any appointment with the help of an outside source. Explain any four reasons on the basis of which ‘Renil’ would have taken the above decision.</p> <p>Ans: Merits of internal sources of recruitment</p>	
34	<p>Explain any four factors affecting price determination.</p> <p>Ans: Product cost, utility and demand, Extent of competition in the market, government and legal regulations, pricing objectives, marketing methods used.</p>	6