CBSE Class 12 Business Studies 2015 - Set 66/2/1

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) This question paper contains 25 questions.
(ii) Answers to questions carrying 1 mark may be from one word to one sentence.
(iii) Answers to questions carrying 3 marks may be 50–75 words.
(iv) Answers to questions carrying 4–5 marks may be about 150 words.
(v) Answers to questions carrying 6 marks may be about 200 words.
(vi) Attempt all parts of a question together.

Questions

1. What is meant by 'Privatisation' ?

2. Why is it said that principles of management are mainly behavioural in nature ?

3. Define 'Method' as a type of plan.

4. 'Bawa Cycles' was in the business of manufacturing racing-cycles and had a monopoly in the market. The business was doing very well and the company was consistently meeting its objective of 10% increase in sales every year. Encouraged by the good track record, the Managing Director of the company kept an ambitious target of 15% increase in sales for the next year. The same year two competitors also entered the market and because of this the company was not able to meet its target.

   Identify the limitation of one of the functions of management because of which the company was not able to achieve its target.

5. How do 'Floatation costs' affect the choice of capital structure of a company ? State.

6. 'Reliable Transport Services Ltd.' specialises in transporting fruits and vegetables. It has a good reputation in the market as it delivers the fruits and vegetables at the right time and at the right place.

   State with reason whether the working capital requirements of 'Reliable Transport Services' will be high or low.

7. 'Glow and Shine Ltd.' is a famous beauty brand offering organic beauty products for men and women. The company uses plant-based materials for its products and is the No. 1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet.

   Identify the marketing management philosophy being followed by 'Glow and Shine Ltd.'

8. Pankaj purchased a car from 'Abhishek Motors' for ₹ 50 lakhs. The company offered many attractive gifts to Pankaj like — free insurance for first two years, free pick-up and drop facilities for free servicing upto 20,000 km, etc. But after a few days Pankaj noticed that the pick-up of the car was not good and there was some problems in the engine. The company serviced the car free of cost but even then Pankaj was not satisfied with its performance. 'Abhishek Motors' is not giving him the due response. So he filed a complaint in the State Commission but was not satisfied with its decision also. He was very much disturbed and after two months decided to appeal against it.

   Can Pankaj appeal against the decision of the State Commission ? Give reason in support of your answer.

9. What is meant by divisional structure of an organisation ? State its any two disadvantages.

10. How do the 'market related factors' affect the choice of channels of distribution ? Explain.

11. Aarav was working as a supervisor with 'Neer Purifier Ltd.' which was producing water purifiers. The target of the company was to produce 200 water purifiers every day. His job was to make sure that work goes on smoothly and there was no interruption in production. To achieve this, he always gives orders and insists that they are obeyed. He believes that reward or punishment both can be given depending upon the performance.

Identify and describe the leadership style being adopted by Aarav.

12. Distinguish between Capital Market and Money Market on the basis of the following :

(a) Participants

(b) Instruments

13. 'KPM Ltd.' is manufacturing breads and biscuits for many years. It has approximately 150 employees and most of them are not happy with the working environment. Because of this the labour turnover rate is very high. Therefore the company appoints a new Human Resource Manager, Naveen, to analyse the situation. Naveen finds that there is no free flow of communication, and there is no suggestion box for the employees to voice their suggestions or grievances. The company rarely organises a social or cultural gathering, the employees just come, finish their work and leave the organisation.

(a) Identify the communication barrier discussed above.

(b) State the category of this communication barrier.

(c) Explain any other communication barrier of the same category.

14. State any four points that highlight the significance of principles of management.

15. Explain the following rights of a consumer as provided under Consumer Protection Act, 1986 :

(a) Right to Safety

(b) Right to Consumer Education

16. Harsh started a company 'Tiny-Toys Ltd.' to manufacture economical toys for the Indian rural market, with 20 employees. The company did very well in its initial years. As the products were good and marketed well, the demand of its products went up. To increase the production the company decided to recruit additional employees. Harsh who was earlier taking all decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.

(a) Identify the concept used by Harsh through which he was able to steer his company to greater heights.

(b) Also explain any three points of the importance of this concept.

17. The workers of 'Swastik Ltd.' are unable to work on new computerised machines imported by the company to fulfil the increased demand. Therefore the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.

Also state any three benefits that the workers will derive by the decision of the supervisor.

18. 'Adharshila Vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its Founders' Day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. As there was a spirit of unity and harmony and all members supported each other with mutual trust and belongingness, the programme was systematically planned and executed. Arvind, one of the prefects, realised that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function, that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.

(a) Identify the principle of management applied for the success of the programme.

(b) State any two features of management highlighted in the above paragraph.

(c) Identify any two values which 'Adharshila Vidyalaya' communicated to the society.

19. 'Zaira Ltd.' is a large and creditworthy company manufacturing air-conditioned buses for the Indian market. It now wants to export these buses to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.

(a) Name and explain the money market instrument the company can use for the above purpose.

(b) What is the duration for which the company can get funds through this instrument ?

(c) State any other purpose for which this instrument can be used.

20. Give the meaning of 'Formal Organisation'. State its any four advantages.

21. Kavya had been working with 'Reliable Ltd.' for the last ten years. She was famous for her dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Kavya would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Garima'. Because of this, Kavya felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.

Miss Garima was a good leader who would not only instruct her subordinates but also guide and inspire them. She noticed Kavya's behaviour and felt that her performance could be improved. She started involving Kavya in decision-making issues related to the organisation and made her a member of a high-level joint management committee. Kavya was now punctual to office and her performance started improving.

(a) Identify the function of management being performed by Garima.

(b) Name the element of the above function of management which helped Garima to improve Kavya's behaviour.

(c) State any three features of the element identified in (b) above.

22. A company was manufacturing solar panels for charging of mobiles which were in great demand. It was found that the target of producing 500 solar panels a day was not being met by the employees. On analysis it was found that the workers were not at fault. Due to non-availability of raw materials and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. To meet the increased demand the company assessed that approximately 66 additional workers were required out of which 6 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.

(a) Identify the functions of management discussed above.

(b) State the two steps in the process of each function dicussed in the above para.

(c) List any two values which the company wants to communicate to the society.

23. Explain the following principles of management :

(a) Harmony, not discord

(b) Discipline

24. 'Silkiya Ltd.' is a company manufacturing silk cloth. 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 organisation 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 ₹ 60 lakhs from SBI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.

The above discussion about the company leads to various factors which decide how much profit should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion, identify and explain any four such factors.

25. Vasvi was a student of Commerce in class XII. Her father was a farmer, who grew different varieties of wheat and was well versed about various aspects of wheat cultivation. He was also selected by the government for a pilot-project on wheat cultivation. As a project she decided to study the feasibility of marketing good quality wheat at reasonable price. Her father suggested to her to use internet to gather customers' views and opinions. She found that there was a huge demand for organic-packed wheat. She knew that there were no pre-determined specifications in case of wheat, because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Mahan-organic-wheat' 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.

Explain the three functions of marketing, with reference to the above paragraph.

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