CBSE Class 12 Business Studies 2015 - 66/1/3 - Annual

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 1-mark questions may be from one word to one sentence.
(iii) Answer 3-mark questions in 50–75 words.
(iv) Answer 4–5-mark questions in about 150 words.
(v) Answer 6-mark questions in about 200 words.
(vi) Attempt all parts of a question together.

Questions

1. On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.

Can Sonika appeal against the decision of the district forum? Give reason in support of your answer.

2. Explain how 'cost of debt' affects the choice of capital structure of a company.

3. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time.

State with reason, whether the working capital requirements of 'Indian Logistics' will be high or low.

4. Define planning premises.

5. How does management help in achieving personal objectives? State.

6. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.

Name the function of management discussed above.

7. What is meant by 'effectiveness' in management?

8. Define 'formal organisation'.

9. State any three limitations of 'divisional structure' of an organisation.

10. Neeraj, a sales representative of 'Omida Ltd.' has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a mis-understanding between him and his clients.

(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.

11. 'Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions.' Explain any three such functions.

12. Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group.

Identify and describe the leadership style being adopted by Pramod.

13. Explain how the 'product related factors' affect the choice of channels of distribution?

14. State any four features of 'Principles of Management'.

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

(a) Right to choose; and

(b) Right to consumer education.

16. 'Aapka 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. 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. Kartik, 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 para.

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

17. Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, 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.

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

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

18. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market 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.

19. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore the workers are seeking extra guidance from the supervisor. 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.

20. State any five limitations of 'Planning' function of management.

21. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralised and her performance started declining. She would abstain herself often and could not meet her targets.

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

(i) Identify the function of management being performed by Rita.

(ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.

(iii) State any three features of the element identified in (ii) above.

22. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure 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 88 additional workers were required out of which 8 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 discussed in the above para.

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

23. '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 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 ₹ 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.

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.

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

24. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.

The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables.

25. Explain the following techniques of scientific management :

(i) Time study; and

(ii) Simplification of work.

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