# CBSE Class 12 Business Studies 2017 - Set 66/2/3

## 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. Why is 'Trade Test' conducted in the process of selection ?

2. What is meant by 'Trading on Equity' ?

3. Whirlwind Enterprises was a renowned name for manufacturing quality washing machines since 1965. When the profit of the last year declined, Mr. Ahmed, the owner of Whirlwind Enterprises, asked the General Manager to prepare a profitability report of the company including Gross Profit Ratio, Net Profit Ratio, etc. besides using other techniques to assess the company's performance.

   Identify the step taken by Mr. Ahmed which is related to one of the functions of management.

4. Define 'Directing' as a function of management.

5. Vanshika uses 'Kuber Cabs' for travelling in the city. She received a text message "Add ₹ 222 on Kaytm and get 20% cash back on having minimum ten trips till 15th April, 2017".

   Identify the technique of sales promotion used by the company.

6. Varunica Ltd., a reputed truck manufacturing company, needs rupees twenty crores as additional capital to expand its business. Mr. Alind Jindal, the CEO of the company, wants to raise funds through equity. The Finance Manager, Mr. Nikhil Sachdeva, suggests that the existing shareholders be offered the privilege to subscribe to new issue of shares as per the terms and conditions of the company which was agreed by Mr. Alind Jindal.

   Name the method through which the company decided to raise additional capital.

7. Differentiate between formal and informal organisation on the basis of 'authority'.

8. Vegatech Enterprises was a company manufacturing refrigerators. The company had a functional structure with four main functions — Production, Marketing, Finance and Human Resource. As the demand for the products grew, the company decided to hire more employees.

   Identify the concept which will help the Human Resource Manager in identifying the types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.

9. Microgarments Ltd. is dealing in export of garments. The performance of the company has been upto the expectations in the past. Keeping up with the latest technology, the company decided to upgrade their machinery. For this, the Finance Manager, David, estimated the quantitative requirements of funds and their timings. This will help him in linking the investment and the financing decisions on a continuous basis.

   So, he began with the preparation of a sales forecast for the next four years. He also collected all possible data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds within the business. For the remaining funds he is trying to find out the viable sources from outside.

   Identify the financial concept discussed in the above para. Also, state the objectives to be fulfilled by the financial concept, so identified.

**10.** Nishtha, Vasvi and Radhika were friends from college time and now they are engaged in different types of businesses. They regularly meet and discuss their business ideas, exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques and social concerns, etc.

Nishtha, drew the attention of her friends towards the exploitation of consumers in the market. She said that the sellers were exploiting the consumers in many ways and were not paying attention towards the social, ethical and ecological aspects of marketing.

Vasvi said that they were under pressure of consumer satisfaction but observed that the consumers would not buy or not buy enough unless they are adequately convinced and motivated to do the same.

Radhika, stressed that it was the duty of the businessmen to keep consumer satisfaction in mind because business was run by the resources made available by the society. Thus, a company cannot achieve its objectives without understanding the needs of the customers.

The thinking of the three friends were different. These thinkings were guiding the marketing efforts of their business and were known with different names. Identify these names. Also, state one more feature of each of these thinkings.

**11.** Explain briefly 'Discipline' and 'Unity of Command' as general principles of management.

**12.** State any three points of importance of planning function of management.

**13.** Explain briefly any three personal barriers to effective communication.

**14.** Give the meaning of 'Budget' and 'Strategy' as types of plans.

**15.** Chandrika Bhattacharya is working in Olax Ltd., a company manufacturing room heaters. She is responsible for all the activities of the business and for its impact on the society. Her job demands long hours and commitment to the organisation.

(a) Identify the level at which Chandrika Bhattacharya is working.

(b) State three more functions required to be performed by Chandrika Bhattacharya at this level.

**16.** After completing his entrepreneurship course from Australia, Sanket came back to India and started a coffee shop 'Premium Cold Coffee' in a famous mall in Delhi. Its speciality was the special aroma of coffee and a wide variety of flavours to choose from. Somehow the business was neither profitable nor popular. Sanket was keen to find out the reason. He appointed Riya, an MBA from a reputed college, as a manager to find out why the business was not doing well. Riya took a feedback from the clients and found out that though they loved the unique aroma of coffee but were not happy with the long waiting time being taken to process the order.

She analysed and found out that there were many unnecessary stoppages in between which could be eliminated. She set up a standard time for processing the order. She also analysed that there were many flavours of coffee available for which the demand was very less. So she also decided to discontinue some of them.

Within a short period Riya was able to attract the customers.

Identify and explain the management techniques used by Riya to solve the problem.

**17.** Today, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in allocating the available funds into their most productive investment opportunity.

(a) Name the function being performed by the market in the above case.

(b) Also, explain three other functions performed by this market.

**18.** Aarav Gupta was the Managing Director of KDS Ltd. The company had established a good name for itself and was doing well. It was known for timely completion of orders. The Production Manager, Ms. Charu, was efficiently handling the processing of orders with a team of twenty motivated employees working under her. Everything was going on well till Ms. Charu met with an accident. Aarav Gupta noticed that due to the absence of Ms. Charu, the company may not be able to meet the deadlines. He knew that any delay in this regard may lead to consumer dissatisfaction with the danger of loss of business and goodwill. So, he had a meeting with his employees where they planned for accurate and speedy processing of orders. Everybody agreed to work as a team as the attitude and behaviour of Aarav Gupta was very good towards the employees of the organisation. All put in extra time and efforts and the targets were met on time.

Not only this, Aarav Gupta visited Ms. Charu and advised her to take the required rest.

(a) Identify the leadership style of Aarav Gupta and draw a diagram depicting the style.

(b) State any two values highlighted in the behaviour of Aarav Gupta.

**19.** Explain 'Direct Recruitment' and 'Advertisement' as external sources of recruitment.

**20.** Infotech Networks Ltd. was an innovation leader in technology in Canada, creating products and solutions for a connected world. It had a large Research and Development team which invented the first smart watch, T-12, which besides showing the time would also monitor few health parameters like heart-beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of removal of unnecessary control over the economy and trade liberalisation through rationalisation of the tariff structure and reforms with respect to foreign exchange. It set up an office in Kolkata with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduced prices thereby benefitting the customers.

(a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.

(b) Also, explain any three impacts of these concepts on Indian business and industry.

**21.** 'Helping Hands Organisation (HHO)' organised a visit of its members to an old age home to inculcate the habit of social work. They found that the living conditions of the old age home inmates were not hygienic. Therefore, they first decided to clean the premises. During their cleanliness drive, they realised that the place also required pest control. Some of the inmates of the old age home were hesitant as they thought that it may create health problems for them. So the HHO decided to use ethical, safe and odourless solution for pest control. They showed to the inmates a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The members happily agreed and the pest control was done. It worked for a fortnight but afterwards to their dismay the effect started wearing off. The HHO contacted the pest control company which kept on postponing their visit. After waiting for a month the HHO filed a case in the consumer court.

The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

(a) State any six directions which could be issued by the court.

(b) Also, identify any two values which are communicated by HHO to the society.

**22.** State the steps in the controlling process.

**23.** Explain any four factors that affect the choice of capital structure of a company.

**24.** Helpequip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 500 units of a diabetes monitoring machine which tests the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sanjeev, the North Zone marketing head suggested that they need to visit hospitals to explain personally to the hospital staff who would be using the machine, since the machine is sophisticated. He also suggested that additional staff may also be recruited for the same.

Rishu, another zonal head, was of this opinion that since large amount of money had been spent on the purchase of the machines, additional funds were not available for recruiting the personnel as suggested by Sanjeev.

Ankur, a newly appointed zonal head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice.

(a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.

(b) Also, explain the other considerations to be taken care of in each factor identified in part (a).

**25.** Vinod Chandla started 'Sunshine Securities' a company providing cyber security solutions to businesses to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was a person of integrity and did his work with utmost honesty and sincerity. The business started growing day-by-day.

He was delighted when he was offered a big project by the Ministery of Corporate Affairs. While working on the project, he found that the volume of work made it impractical for him to handle all the work himself. He decided to expand his team. The company maintained a close liaison with a local engineering college. During a campus placement Anishka and Kavya were appointed to work for the new project. He found the new employees capable, enthusiastic and trustworthy. Vinod Chandla was thus able to focus on objectives and with the help of Anishka and Kavya, the project was completed on time. Not only this Vinod Chandla was also able to extend his area of operations. Anishka and Kavya also got opportunities to develop and exercise initiative.

(a) Identify and explain the concept used by Vinod Chandla in the above case which helped him in focussing on objectives.

(b) Also, explain any three points of importance of the concept identified in part (a).

**- End of Question Paper -**