

CBSE Class 12 Business Studies 2019 - Set 66/2/2



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 five sections. All questions are compulsory, subject to the internal choices provided.
- (ii) Section A: Questions 1–8 carry 1 mark each; answer in a word or sentence.
- (iii) Section B: Questions 9–13 carry 3 marks each; answer in 50–75 words.
- (iv) Section C: Questions 14–19 carry 4 marks each; answer in about 120 words.
- (v) Section D: Questions 20–22 carry 5 marks each; answer in about 150 words.
- (vi) Section E: Questions 23–25 carry 6 marks each; answer in about 200 words.
- (vii) Where an internal choice is provided, attempt only one alternative.

Section A

1. Das is the Managing Director of 'Gamut Ltd.', manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat – the Production manager, Vinay – the Marketing manager and Adit – the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and motivate them to achieve the desired objectives.

State one more function other than those mentioned above, that this team may perform at the level they are working.

2(a). Differentiate between Formal and Informal organisation on the basis of 'flow of communication'.

OR

2(b). Differentiate between 'Delegation' and 'Decentralisation' on the basis of 'freedom of action'.

3(a). What is meant by 'functional structure' of an organisation ?

OR

3(b). What is meant by 'accountability' ?

4. 'Ultra Televisions Ltd.' is offering its 90" TV sets at a discount of ₹ 15,000 for a period of one month starting from 1st March, 2019.

Identify the sales promotion activity used by 'Ultra Televisions Ltd.'.

5. Kumar wanted to purchase a fuel efficient car having the latest standards regarding minimisation of pollution. He saw an advertisement offering such a car and visited the showroom of the company wherein the car was displayed. In his discussion, the Marketing manager told him that the company is providing credit facilities, maintenance services and many other effective services which are helping in bringing repeat sales and developing brand loyalty.

Identify the marketing function which the Marketing manager was discussing with Kumar.

6. Kamal is working as a gang boss in the assembly unit of 'Sokia Ltd.', a laptop manufacturing company. He supervises the work of ten trained workers who perform the various activities related to the assembly of the laptops. One day when he was supervising the work of his workers, he told Ashok, a worker that his work could be improved. Ashok interpreted the comments of Kamal as that his work was not good.

Identify the type of barrier to effective communication in this case.

7. This market helps to save time, effort and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other.

Name the market and identify the function being referred to.

8(a). State any two characteristics of 'Directing'.

OR

8(b). Give the meaning of 'Management by Exception'.

Section B

9. Explain 'Organisational Climate' and 'Job Enrichment' as non-financial incentives.

10. One of the functions of Securities and Exchange Board of India is 'Promotion of fair practices and code of conduct in securities market'. State the category to which this function belongs and state any two other functions of this category.

11(a). Distinguish between Formal and Informal organisation on the basis of the following :

- (a) Origin;
- (b) Authority; and
- (c) Leadership.

OR

11(b). Distinguish between Functional and Divisional structure on the basis of the following points :

- (a) Coordination;
- (b) Managerial Development; and
- (c) Cost.

12(a). Explain any three points of importance of planning function of management.

OR

12(b). Explain any three limitations of planning function of management.

13. 'G. Motors' is the manufacturer of sophisticated cranes. The Production manager of the company, reported to the Chief Executive Officer, Ashish Jain that one of the machines used in manufacturing sophisticated cranes had to be replaced to compete in the market, as other competitors were using automatic machines for manufacturing cranes. After a detailed analysis, it was decided to purchase a new automatic machine having the latest technology. It was also decided to finance this machine through long term sources of finance. Ashish Jain compared various machines and decided to invest in the machine which would yield the maximum returns to its investors.

(a) Identify the financial decision taken by Ashish Jain.

(b) Explain any three factors affecting the decision identified in (a) above.

Section C

14(a). Explain any four points of importance of business environment.

OR

14(b). Explain any four points of impact of government policy changes on business and industry.

15(a). State any eight responsibilities that a consumer should discharge while purchasing, using and consuming goods and services.

OR

15(b). What is meant by 'Consumer Protection' ? State any five points of importance of consumer protection from the point of view of business.

16. Kunal joined as a shop level manager in the Production department of a textile company in the year 2005. Because of his good work, he became the Deputy Production Manager of the company in the year 2010. He had status and prestige and was well-respected by all in the company. On 1st March, 2019, he was promoted as the General Manager of the company. Kunal was very happy on his promotion as now he had become what he was capable of becoming. As a good manager, Kunal decided to motivate his subordinates, after understanding the Need Hierarchy theory which is based on various assumptions. He realised that people's behaviour is based on their needs and the manager can influence the behaviour of his employees by satisfying their needs.

(a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory.

(b) State the needs of Kunal which are being satisfied through promotion.

17. 'Foods India Ltd.' is a company engaged in the production of packaged juice since 2010. Over this period, a large number of competitors have entered the market and are putting a tough challenge to 'Foods India Ltd.'. To face this challenge and to increase its market share, the company has decided to replace the old machinery with an estimated cost of ₹ 100 crores. To raise the finance, the company decided to issue 9% debentures. The Finance department of the company has estimated that the cost of issuing the 9% debentures will be ₹ 10,00,000. The company wants to meet its floatation cost.

(a) Explain the instrument that the company may issue for this purpose.

(b) In which type of financial market, is the instrument explained in (a) above traded ? Also explain how safe the instruments are in this market.

18. 'Smart Stationery Ltd.' wants to raise funds of ₹ 40,00,000 for its new project. The management is considering the following mix of debt and equity to raise this amount :

Capital Structure	Alternative		
	I (₹)	II (₹)	III (₹)
Equity	40,00,000	30,00,000	10,00,000
Debt	0	10,00,000	30,00,000

Other details are as follows :

Interest Rate on Debt	9%
Face Value of Equity Shares	₹ 100 each
Tax Rate	30%
Earning Before Interest and Tax (EBIT)	₹ 8,00,000

(a) Under which of the three alternatives will the company be able to take advantage of Trading on Equity ?

(b) Does Earning Per Share always rise with increase in debt ?

19. Explain any four factors which affect the fixation of price of a product.

20(a). Explain any five points of importance of management.

OR

20(b). Explain any five characteristics of principles of management.

21. 'Pushpanjali Ltd.', is manufacturing chocolates, biscuits, cakes and other similar products. The company is not generating enough profits. Saurabh, the Marketing manager of the company got a survey conducted to find out the reasons. The findings of the survey revealed that in spite of better quality, the customers were not able to distinguish the products of the company from its competitors. Though the customers wanted to buy the products of 'Pushpanjali Ltd.' again and again because of its good quality, but they were not able to identify its products in the market. Because of this, the sales of the company could not pick up resulting in inadequate profits. Saurabh, the Marketing manager now realised that 'Pushpanjali Ltd.' had forgotten to take one of the most important decisions related to the product.

What decision should 'Pushpanjali Ltd.' take so that its customers are able to identify its products in the market ? Explain the benefits that may result to 'Pushpanjali Ltd.' and its customers if the above decision is taken.

22. Vikas was the Chief Operating Officer of 'Yalet Ltd.', a company providing advanced software solutions to Indian Defence Services. They had been carrying on business successfully for the last twelve years and earning enough profits. But from the last one year, they realised that though the business is getting big orders which are being fulfilled in time, even then the revenues kept on decreasing. Vikas was not able to find out where the problem was. He started keeping a close check on the progress of activities as he could sense that something was wrong. He wanted to take some action before any major damage could be done to the business. Vikas appointed a cyber security expert who monitored the company's processes and found out that the computer operator was deleting the entries from the computers and pocketing the revenues. He was caught and handed over to the police. This created an atmosphere of order and discipline in the organisation and helped in minimising dishonest behaviour on the part of the employees.

(a) Identify the function of management highlighted in the above paragraph.

(b) Explain any four other ways in which this function of management may help the organisation.

23(a). Explain the following principles of General management :

- (a) Unity of Command;
- (b) Subordination of Individual Interest to General Interest; and
- (c) Stability of Personnel.

OR

23(b). Explain the following techniques of Scientific management :

- (a) Method Study;
- (b) Fatigue Study; and
- (c) Differential Piece-Wage System.

24. 'Entertainment India Ltd.' has been incorporated with the objective of entertaining people by organising festivals, programmes and other similar events depicting the rich cultural heritage of the country. The company management has renowned personalities from the field of art, literature and culture. They decided to give a platform to young budding musicians, poets and artists. The company decided its organisational structure by grouping similar jobs together. Thereafter, the heads of different departments were also appointed. Nisha, one of the heads, did an analysis of the number, type and qualification necessary for people to be appointed. The information generated in the process of writing the job description and the candidate profile was used to develop 'Situations vacant' advertisement. This was published in print media and flashed in electronic media. This brought in a flood of response.

Explain the other steps which Nisha has to perform to complete the process being discussed above.

25. 'E-Solutions Ltd.' started its operations in the year 2000. At the time of its inception, the company had only ten employees with two departments, a Production department and an Administration department. The products supplied and the services provided by the company started gaining popularity over the years. The management had faith in the abilities of the employees and thus they allowed them freedom of action. The management recognised that the decision-makers at different levels of the organisation need to be given more autonomy. They took a policy decision that there will be less control of superiors over subordinates. This increased the role of the subordinates in the organisation and now they were in a position to take numerous as well as important decisions. As a result, its business has diversified into many areas. Presently, it has its operations throughout the country with seven branches overseas. Its organisational structure has now changed into divisional structure and ten thousand people are working with the company.

(a) Identify the concept of management which helped the company to diversify into many areas and branches abroad.

(b) Explain five points of importance of the concept identified in (a) above.

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