

CBSE Class 12 Business Studies 2019 - Set 66/3/3



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 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(a). What is meant by 'Management of People' ?

OR

1(b). What is meant by 'Management of Operations' ?

2. As a part of its capital structure, 'Venus Ltd.' had ₹ 50 lakhs as Equity Share Capital and a loan of ₹ 20 lakhs from Neon Bank. On earning a good profit, 'Venus Ltd.' decided to give dividend to the equity shareholders but were surprised when the Neon Bank imposed restrictions on the payment of dividend.

Identify the factor affecting dividend decision that allows Neon Bank to impose restrictions on the payment of dividend by 'Venus Ltd.'

3. Mark Nar, a Latin American, while closing a business deal with a businessman from Spain, used a word which was considered offensive in Spanish when translated. This made the Spanish businessman upset and he backed away.

State the semantic barrier to effective communication.

4. As a part of its comprehensive plan 'Neerja Ltd.' decided to combine a new line of activity with its existing footwear business.

Identify the type of plan.

5(a). Define 'Efficiency'.

OR

5(b). State any two functions to be performed at supervisory level of management.

6(a). Differentiate between 'Formal Organisation' and 'Informal Organisation' on the basis of 'Nature'.

OR

6(b). Differentiate between 'Single Use Plan' and 'Standing Plan' on the basis of 'Meaning'.

7. How does an organisation satisfy 'Esteem Needs' of its employees ? State.

8. People think that it is the 'Product' only that can be marketed. But something else can also be marketed, e.g. 'Visit Kerala for Health Tourism'. Identify what is being marketed here.

Section B

9(a). Explain any three points of importance of controlling.

OR

9(b). Explain 'Management by Exception' with the help of an example.

10. Steelone Enterprises is manufacturing high quality steel utensils. The demand for steel utensils is rising as people are getting aware that plastic is not good for health. This has led to increase in production of steel utensils. To encourage sales, Steelone Enterprises declared a liberal credit policy which allows three months credit to its wholesale buyers.

In the light of the above, identify the two factors affecting working capital requirements of Steelone Enterprises. State with reason, whether the factors as identified above, will result in high or low working capital requirement.

11. Roasted Coffee Corporation is a coffeehouse chain operating in seven states of India. Through its effective organisational structure, it has grown despite pressure from competitors in the national market. The company has a Purchase and Production department, Supply chain management and logistics department, Brand management department and Sales department. This structure has facilitated operational efficiency, as employees became specialists within their own realm of expertise. They could be imparted specialised training as the focus was on limited range of skills.

Identify the organizational structure of Roasted Coffee Corporation. Also state the three advantages of this structure other than those discussed in the above paragraph.

12(a). Explain any three factors affecting capital budgeting decision of a company.

OR

12(b). Explain the twin objectives of financial planning.

13. Differentiate between 'Delegation' and 'Decentralisation' on any three bases.

Section C

14. Tapas Sen, a manufacturer, redesigned his existing soup making machine into a small and portable machine. For selling the machine he entered into an agreement with his uncle who agreed to finance the project with a 50% share in the profits. To launch the machine they decided to start with direct channels of distribution. They named the venture as 'Cup-a-Soup'. In the first year their main objective was profit maximization. They appointed 30 trained salesmen for distribution of the machines across the country. They offered incentives and awards to salesmen for achieving their sales targets.

- (a) Identify the marketing philosophy used by 'Cup-a-Soup'.
- (b) Identify the tool of promotion used by 'Cup-a-Soup'.
- (c) For hiring the salesmen, state any two qualities 'Cup-a-Soup' would have kept in mind.

15(a). Explain the trading procedure on a stock exchange.

OR

15(b). Explain any four objectives of establishing Securities and Exchange Board of India.

16. Xeno Ltd. is a global information technology consulting company with 45,000 employees serving over 600 clients in 23 countries. Its Chief Executive Officer, Neil Suman, guided the company through two decades of diversification and growth to emerge as one of the leading Indian companies in the software industry. The company has set standards in ensuring the best training opportunities for its employees.

Its 'Project Guidance Program' is a 52-day structured training programme. This is offered to all recruits of varied backgrounds to be trained on essential behavioural and technical skills that prepares them to work in live customer projects. These recruits are hired from universities and management institutes for technical, professional as well as managerial jobs. The training programme helps the new employees in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business.

- (a) Identify the external sources of recruitment used by the company to hire new employees.
- (b) Explain the method of training used by the company to train employees selected by the source of recruitment identified in part (a).
- (c) State any two ways in which the 'Project Guidance Programme' can benefit Xeno Ltd.

17(a). State any four functions of 'Labelling'.

OR

17(b). State any four factors determining the choice of channels of distribution.

18. Aditya Khosla, the Managing Director of 'D.L.W. Ltd.' and Rajesh Puri, the Finance Manager were discussing about avenues of investing the idle funds of the company. Aditya Khosla was of the opinion that money should be invested in the capital market whereas Rajesh Puri, being more conservative, felt that it would be better if the investment was made in the money market. Since the economy was buoyant, the Managing Director convinced Rajesh that they should take advantage of it and invest in the capital market to get good returns. Ultimately it was decided to invest the idle funds in the capital market.

(a) What kind of instruments should the company buy ?

(b) Why is the capital market expected to give a better return in a buoyant economy ? State the reason.

(c) Why and how safe are the securities in this market as compared to the money market ?

19. Damini D'Souza took over the reins of 'Kinsa Retail' as its Managing Director in India. 'Kinsa Retail' with its headquarter at Japan has been in the retail business for the last 40 years. It has regional offices in many countries that take care of the shops in that region. As it is a large organisation, the regional officers have been given the powers to decide and spend funds sanctioned to them by the headquarter for the welfare of the customers of their region.

'Kinsa Retail' wants the highest possible standards of ethical conduct being followed, for which a code of conduct is in place for putting values into practice. All employees as well as Board members are required to act in accordance with the highest standards of personal and professional integrity when acting on behalf of the company. Non-compliance involves a heavy penalty including termination of employment.

Explain any two principles of general management being followed by 'Kinsa Retail'.

20. Handsen is the CEO of 'Newcastle Enterprises', one of the world's most successful companies. His success stories have been well documented. He chooses highly motivated and capable managers who can perform their tasks creatively and adequately without his help. He allows the group members to work on their own tasks and resolve issues themselves.

He intervenes, but only when needed to correct an unfavorable situation. He does not use power unless it is absolutely essential. He even allows mistakes to happen for his people to learn from them. He supports them and supplies them the required information to complete the assigned task.

(a) Identify the leadership style adopted by Handsen.

(b) With the help of diagram, explain the other two leadership styles based on the use of authority.

21(a). What is meant by 'Management' ? State any four functions of top level management.

OR

21(b). What is meant by 'Coordination' ? State its importance with the help of any four points.

22. Suman wanted to purchase a sandwich toaster. She checked about the various sandwich toasters available online and compared the prices so that an intelligent and wise choice could be made. Then she went to a nearby market to buy the sandwich toaster. Being an informed consumer, she looked for the correct standardisation mark. The shopkeeper showed her different toasters but was quoting a higher price than the price she had checked online. After negotiating with the shopkeeper, she was able to bring the price down. As a responsible consumer, she asked for a cash memo, against the amount paid for the product and took the toaster home. On opening the package, she found an instruction booklet, which she read carefully. Then she followed all instructions step-by-step and made nicely toasted paneer sandwiches for her family.

(a) State any two responsibilities, which have been discharged by Suman, besides asking for a cash memo.

(b) Explain the two rights being discussed in the above case.

Section E

23. India's craft heritage is surviving because of its customs and traditions. Craft products made by craftsmen of Rajasthan, Gujarat, Assam, etc. are not only used in the country but are also exported to USA, Germany, UK, France and other countries of the world. The volume of exports of these products gives India an advantage in balance of payments and the much needed foreign exchange. The Prime Minister desires that the handicraft industry should be expanded by linking it with technology. Focus should be on changing the manufacturing process, ensuring durability and adopting innovations.

Quoting the lines from the above paragraph, explain any four dimensions of the business environment.

24(a). Describe any six non-monetary incentives that are used to motivate the employees to improve their performance.

OR

24(b). "The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers." In the light of this statement, explain any six functions of a supervisor.

25. Saurabh Jain set up a telecom business in Nasik, named as 'Ketone', with an ambitious target of reaching out to 90% of the Indian population within one year. He chose this business on the belief that the demand for data services will increase 4 times within the next 2 – 3 years. To fulfil such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition.

He assessed the proposals of different companies vis-a-vis earnings per share, tax liabilities, dividends paid, etc. and their future projections, knowing fully well that the projections may change if the country's economic policies get modified.

The above paragraph discusses some of the steps of one of the functions of management. By quoting the lines from the above paragraph, explain these steps in chronological order.

- End of Question Paper -