

CBSE Class 12 Business Studies 2019 - Set 66/4/2



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. Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal.

Identify the step of the controlling process performed by her.

2. Ravi Jain was the Chief Executive Officer of Nath Traders. He was worried about the heavy expenditure on advertising. He asked his Finance Manager, Mohit Verma to know the views of the Sales Manager and his team regarding this expenditure. Mohit Verma was thinking of calling a meeting of the Sales Manager and his team after tea-break. But by chance at the time of tea-break, Mohit Verma met with the Sales Manager and his team in the canteen. They all discussed about this expenditure and finalised to give suggestion to reduce this expenditure.

Identify the type of organisation which helped the Finance Manager Mohit Verma, the Sales Manager and his team in finalising the suggestion.

3. Principles of management equip the managers to foresee the cause and effect relationships of their decisions and actions so that the wastages associated with a trial and error approach can be overcome.

Identify the point of significance of principles of management highlighted here.

4(a). How are 'Policies' and 'Procedures' interlinked ?

OR

4(b). What is meant by 'Developing Premises' in the process of planning ?

5(a). Why is it said that Controlling is a continuous activity ?

OR

5(b). Why is Controlling called a forward looking function ?

6(a). What is meant by 'Labelling' ?

OR

6(b). Define 'Promotion' as an element of marketing mix.

7. Besides a 'consumer', name any two parties who can file a complaint before the appropriate consumer forum.

8. Koby Ltd. is an 87-year-old reputed consumer goods company. It is known for offering good quality electronic products at reasonable prices. It has branches all over India. It has a large shareholder base. The shareholders desire that some dividend is paid every year on their investments. Company's management understands that it is important to keep the shareholders happy and satisfied. As a matter of policy, they declare a certain amount of dividend every year out of profits rather than reinvesting the whole as retained earnings.

Identify the factor affecting dividend decision being highlighted in the above situation.

Section B

9. How does planning lead to rigidity and reduce creativity ? Explain.

10. Indian equity markets are going through a phase of boom. There is a huge growth potential for innovative technologies. This has resulted in lots of new ventures vying for a market share and old enterprises trying to keep up with the pace with which changes are taking place in the economy. This technological innovation has helped even smaller businesses to compete on a global scale.

Identify and explain the three factors highlighted above which affect the working capital requirements of such enterprises.

11(a). State any three measures to overcome barriers to effective communication.

OR

11(b). State the role of supervisor in the directing function of management.

12. Kavita Ghai was the Managing Director of a restaurant in Lucknow called 'Healthy Kitchen'. The restaurant was doing well and the volume of work started increasing slowly and steadily. Kavita Ghai was not able to manage all the work on her own. The increasing magnitude of work made it impractical for her to handle it all by herself. Moreover her objective is to open more branches of this restaurant at different places.

She appointed Nikhil Gupta, as a General Manager of 'Healthy Kitchen', Lucknow and gave him the right to command his subordinates and to take action within the scope of his position. For smooth running of the restaurant she also gave him authority to hire and train the staff as per the requirements.

Kavita Ghai was satisfied with the work of Nikhil Gupta and was able to open other branches of the restaurant in Agra and Kanpur also.

(a) Identify the concept followed by Kavita Ghai which helped her to open the new branches of the restaurant.

(b) Also, explain briefly the two points of importance of the concept identified in (a) above.

13(a). Explain with the help of any three points how proper Financial Planning enables the companies to tackle the uncertainty in respect of availability and timings of funds and helps in smooth functioning of the organisation.

OR

13(b). How do debt and equity differ in their costs and risks involved ? Explain.

Section C

14(a). State any four functions performed by non-governmental organisations for protection and promotion of interest of consumers.

OR

14(b). A consumer should keep in mind certain responsibilities while purchasing, using and consuming goods and services. State any four such responsibilities of a consumer.

15. Vandana Public School had a vacancy of a Maths teacher. They were looking for a smart and creative teacher having a drive for excellence. An advertisement was given in all leading dailies. Since the response was huge, the school examined all the application forms and rejected the candidates who did not have the necessary qualifications. Thereafter, a test was conducted to measure the existing skills of the candidates. After that it was followed by a formal in-depth conversation with the Principal of the school and a panel of Maths experts.

(a) Explain the steps that have been performed by Vandana Public School in the process of identifying and choosing the best candidate.

(b) Give the name and also the meaning of the test which was conducted by the school.

16. Financial market is a market for creation and exchange of financial assets. It helps to link the savers with the investors and directs available funds into their most productive investment opportunity. It also facilitates easy purchase and sale of financial assets through the stock exchange. The stock exchange not only facilitates buying and selling of existing securities but also educates public about how their investments in the financial market can yield good returns.

(a) State two functions performed by financial market in the above case.

(b) Explain two more functions of the stock exchange, other than those stated in the above case.

17. In an environment of rising petroleum prices and a large middle class population in India, KV Motors Ltd. recognized the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market. As the Indian government was encouraging foreign investment, MNCs having a big name in car manufacturing entered the Indian market.

KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brand-building activities. As a result, the market share of KV Motors is refusing to go down in spite of all major automakers as its competitors.

(a) Identify the economic reforms highlighted in the above case.

(b) Quoting the lines, explain any two points of importance of Business Environment being highlighted in the above case.

18(a). Differentiate between Money Market and Capital Market on the following basis :

- (a) Expected return
- (b) Safety
- (c) Liquidity
- (d) Instruments

18(b). Differentiate between Primary Market and Secondary Market on the following basis :

- (a) Company involvement
- (b) Price determination
- (c) Location
- (d) Capital formation

19. Mudit Gupta set up 'Healthy Biscuits', a company manufacturing various kinds of biscuits like oat biscuits, soya biscuits, ragi biscuits and wholewheat biscuits. He knew that a customer would only pick up a small quantity of the product, so he did not want to invest in starting his own retail outlets. He planned to market the product at the 'In and Out' stores at various petrol pumps in the city though the other biscuit manufacturers were using other channels of distribution.

(a) Give the meaning of 'Channels of Distribution'.

(b) Name the factors that affected the determination of choice of channels and state how they will affect the choice of channel of distribution in the above case.

20. 'Newrange' is a chain of departmental stores in India with 56 outlets. It sells the best products at the lowest price. The Human Resource department takes care to select, train, motivate and retain the employees. Currently, it has 170 full time employees and 30 part time employees.

For top-level management, employees are recruited through private consultants. These professional recruiters can entice the needed top executives from other companies by making the right offers. Employees appointed at the entry level are recruited through walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available. 'Newrange' also encourages present employees or their friends and relatives to refer candidates. They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees.

'Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off.

Explain the various internal and external sources of recruitment used by 'Newrange' to recruit its employees.

21. Since childhood Niru and Janak had been watching their grandmother procuring wheat from the market, washing it well, drying it and getting it converted into atta. They conducted a survey to collect data to identify whether there is demand for readymade atta and realised that with the growing number of working women, it is the need of the hour to manufacture high quality atta. They named their product 'Srijan' and set up 'Srijan Atta Factory' at Jaunpur Village. To penetrate in the market, they decided to keep the price low. For maintaining smooth flow of their product into the market and avoiding delays in delivery, it was decided to store wheat at SKM Services which had scientific processes and logistics facilitating quick delivery. They also set up an online complaint portal to take care of consumer grievances.

By quoting the lines from the above paragraph, state five marketing functions undertaken by Niru and Janak for successful marketing of 'Srijan' atta.

22(a). Explain any five characteristics of management.

OR

22(b). What is meant by 'Coordination' ? Why is coordination important in an organization ? Explain.

Section E

23. Vishesh completed his MBA at a reputed business school in Lucknow. He was impressed by the Principles and Techniques of Scientific Management developed by F.W. Taylor. On completing his MBA, he wanted to apply Scientific Management in his family's business of fast food chain of restaurants named 'Burger Mania'.

His main goal was to reduce costs with increased output. To begin with, he wanted to develop a standard method which would be followed throughout the organisation. So, he investigated traditional methods through work study and unified the best practices. The standard method, i.e. the best way of doing the job was then developed taking into account all parameters right from the procurement of raw materials till the delivery of the final product to the customer. Vishesh also believed that each person should not only be scientifically selected but should also be given the required training to increase efficiency. For this, he set up a Special Training Unit called 'Hamburger' in Bengaluru where the workers were given the required training to learn the best method. At the factory, the ingredients making up a burger were strategically placed to reduce the time taken for excess movements. The standard time and other parameters were determined on the basis of work study and Vishesh rewarded the workers for meeting the standard output.

Now, 'Burger Mania' has standardised processes, raw material, time, machinery, product and working conditions that ensure that the food they send out to their customers has the same high standards of excellence and level of quality in every chain or franchise.

The application of Scientific Management to every aspect of restaurant operations led to 'Burger Mania's' widespread success.

Quoting the lines from the above, explain the Principles and Techniques of 'Scientific Management' used by 'Burger Mania'.

24(a). Differentiate between 'Formal Organization' and 'Informal Organization' on any six bases.

OR

24(b). Explain any four limitations of planning function of management.

25. Three friends, Rajat, Raman and Ansh, after completing their MBA from a reputed business school at Mumbai, were discussing about the type of organisation they would like to join. Rajat was very clear that he would like to take up a government job as it gives stability about the future income and work which will help him to work with greater zeal. It will also provide him pension when he will retire from his service.

Raman wanted to work in a company, which has appropriate skill development plans for its employees and helps the employees to grow to higher levels in the organisation. In addition to this, the company should also provide facilities like housing, medical aid, etc.

Ansh said that he would prefer to work in an organisation, which has the culture of individual autonomy, is considerate to employees and provides the employees with opportunity for personal growth and a meaningful work experience.

(a) Identify the various financial and non-financial incentives discussed by the three friends in the above conversation.

(b) Explain three other non-financial incentives which were not discussed by any one of them.

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