

CBSE Class 12 Business Studies 2019 - Set 66/5/3



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. Vivek purchased a bike from Sarnath Automobiles with a written guarantee to repair or replace, if necessary, within six months or 5,000 kms of distance travelled whichever is earlier. After covering the distance of 400 kms in two months, the gears of the bike started giving problems. Vivek took the bike to the dealer who refused to listen to his complaint. He was confused about what he should do.

Suggest the rights that Vivek may exercise in the above case.

2. 'XY Ltd.' is registered with an authorised capital of ₹ 10 crore. The paid-up capital of the company is ₹ 6 crore. The company was facing shortage of funds. The management of the company decided to raise funds by issue of 1,00,000 equity shares of ₹ 100 each. The issue was fully subscribed. After this it was realised that the funds raised were in excess of the actual requirement.

Identify and define the concept which was not considered by the company before deciding the amount of funds to be raised.

3. Various input resources are required by management to complete a task effectively and efficiently. Name any two.

4. 'Nayan Medicare Equipment Ltd.' manufactures equipment for surgeons having a unique laser technique. The equipment can be used by the surgeons only after proper training. Even their maintenance requires guidance of specialised engineers. Because of this, the equipment is used in a limited number of hospitals. The company wants to increase the sale of the equipment.

Suggest the promotion tool to be used by the company giving reason in support of your answer.

5. All business firms would like to increase their sales and earn profits to be successful. All managers dream of these. To turn their dreams into reality, managers need to work hard in thinking about the future, in making business predictions and achieving targets.

The above lines describe one of the functions of management. Identify and define this function.

6(a). Give the meaning of 'Functional Structure'.

OR

6(b). Give the meaning of 'Divisional Structure'.

7(a). Differentiate between a 'Trade Test' and an 'Interest Test'.

OR

7(b). Differentiate between 'Placement' and 'Orientation'.

8(a). How does 'Cash Flow Position' affect capital structure of an enterprise ?

OR

8(b). How does 'Return on Investment' affect capital structure of an enterprise ?

Section B

9. 'Financial markets are classified on the basis of the maturity of financial instruments traded in them.' Name the market in which the instruments with more than one year maturity are traded. Also state any two features of this market.

10. Shiv has recently joined an industrial unit manufacturing low cost LED bulbs. He has five workers working under him. He gives them instructions to ensure optimum utilization of resources and achievement of work targets. He provides good on-the-job training to the workers to build an efficient team. He also analyses the work performed by them and gives feedback.

The work performed by Shiv may be described as an important element of directing. Name the element and state two other functions which may be performed by Shiv in addition to those highlighted above.

11. Gopal, Mohan and Shyam are three friends having their separate small manufacturing units in an industrial estate. They are hard-working and honest and undertake their respective production activities following the good practices of business. They use good quality raw materials and adopt standardised process. They fix the prices of their products with a reasonable profit margin. But all of them are worried about the malpractices like manufacturing sub-standard, duplicate, and defective goods by the fellow manufacturers. Therefore, they decided to form an organisation with a constitution of its own which is free from government interference. This organisation would encourage consumers to strongly protest and take action against unscrupulous, exploitative and unfair trade practices of sellers.

State three other functions which may be performed by this organisation in addition to those mentioned above.

12(a). Explain the three essential elements of 'delegation'.

OR

12(b). Explain how effective delegation leads to : (i) Effective management; (ii) Employee development; and (iii) Better co-ordination.

13(a). Explain the following points of importance of 'controlling' :

- (i) Improving employee motivation;
- (ii) Ensuring order and discipline; and
- (iii) Facilitating co-ordination in action.

OR

13(b). Explain the relationship between 'planning' and 'controlling' functions of management.

14. Nayar is working as a PG.T. Commerce in a CBSE affiliated school of Kerala. One day he was teaching about capital market in the class. He informed the class that during 1980's the capital market in India witnessed a tremendous growth because of increasing participation of the public.

This ever increasing investors' population and market capitalisation led to a variety of malpractices on the part of the companies, brokers, merchant bankers, investment consultants and others involved in the securities market. These malpractices and unfair trading practices eroded investors' confidence and multiplied investors' grievances. The Government of India and the stock exchanges were helpless in redressing the investors' problems because of lack of proper penalty provisions in the existing legislation. In view of this the Government of India decided to set up a regulatory body.

(a) Name the regulatory body which the Government of India decided to set up.

(b) Also state any three objectives of the regulatory body identified in part (a) above.

15. Ganesh was concerned about the sedentary lifestyle people are leading nowadays. Their dependency on outside food is also increasing because corporate work culture demands working till late night at offices. So, he decided to start a restaurant, 'Healthy Eating Point' to provide healthy food options to customers. After completing planning and organising functions, he identified the various job positions that are required to be filled i.e. a General Manager, an Accountant, two Chefs, two boys for serving the food in the restaurant and three boys for home delivery of food. He decided that his father, Karan, would be the General Manager of the restaurant. He would be paid ₹ 50,000 per month for his services. His father requested him to appoint his friend's son, Prem, as an accountant who is well qualified for this post. Ganesh agreed to this proposal. Earlier, Prem had a business of providing unskilled workers to different organisations from remote areas of the country. Prem took permission from Ganesh to continue with the old business. Ganesh happily agreed and asked him to provide five boys for serving and delivering the food. For the appointment of the two Chefs, Ganesh approached a renowned Hotel Management Institute and was satisfied with the Chefs provided by the institute.

(a) Quoting the lines from the above paragraph, explain the two sources of recruitment being used by Ganesh for filling up the various job positions.

(b) Also, give the meaning of the function of management discussed in the above case.

16. One of the questions that needs to be answered in the organizing function is 'At what level are decisions made' ? Decision making authority in an organization can be pushed down to the lower levels or it may lie with the top management. However it is not an 'either or' concept.

When an organization grows in size or complexity, there is a tendency towards sharing decision making authority with the lower levels. This is because in large organizations, employees who are closely involved with certain operations tend to have more knowledge about them than the top management.

An important concept of organizing function is discussed above. Identify the concept and state any three points of its importance.

17(a). Define 'Management'. Explain how management is a multidimensional activity.

OR

17(b). Give the meaning of 'Business Environment'. Explain any three features of Business Environment.

18. Jay is working as the Chief Executive Officer of a soft drinks company. The company is doing its business in collaboration with a soft drinks company of France. Jay's friend, Swami, a teacher of Business Studies in a reputed college was discussing the 'Marketing' chapter with his students. He wanted clarity from Jay about the factors which affect the marketing decisions. Jay explained that there were a large number of factors affecting marketing decisions which may be divided into two categories : (i) controllable factors, and (ii) non-controllable factors.

Jay further explained that controllable factors became marketing tools that can be constantly shaped and reshaped by marketing managers, to achieve marketing success.

Identify and explain the set of marketing tools that can be constantly shaped and reshaped by marketing managers.

19(a). State any four benefits of internal sources of recruitment.

OR

19(b). State any four limitations of internal sources of recruitment.

20. ‘Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way.’ Taylor developed various techniques for application of Scientific Management principles and was able to achieve a three-fold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs. Another technique recognises those workers who are able to accomplish/exceed the fair day’s work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers.

Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.

21. Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crores in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company’s commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.

Identify and explain the two types of plans discussed above.

22(a). Define ‘Directing’ as a function of management. Explain its features.

OR

22(b). Define ‘Training’. Explain the following methods of training :

- (i) Induction Training;
 - (ii) Vestibule Training;
 - (iii) Apprenticeship Training; and
 - (iv) Internship Training.
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23. Chintamani is the Production Manager of 'Global India Ltd.' manufacturing and exporting steel. During the year 2017 – 18, the company could not meet its production targets. The Chief Executive Officer of the company constituted a committee of experts to find out the reasons and give its recommendation so that the production target could be met in the future. The company analysed the production related records and found out that there were problems due to communication. 'Global India Ltd.' had rigid rules and would insist on communication through prescribed channels, which led to delays. The company also had a number of managerial levels causing further delay and distorted communication.

Moreover, the Production Manager, Chintamani, was using a tone that quite often offended the sentiments of the workers. Also, Chintamani and the workers did not believe in each other and so could not understand each other's messages in the original sense.

- (a) Identify and give the meaning of the types of communication barriers discussed above.
- (b) Quoting lines from the above, state two communication barriers under each of the types identified in part (a) because of which 'Global India Ltd.' could not meet its production targets.
- (c) State any two recommendations that might have been given by the committee to improve communication effectiveness.

24. 'Monisha Consumer Goods' is a leading consumer goods chain with a network of 46 stores primarily across Mumbai, Delhi and Pune. It was started by Monisha Gupta in 1987. It has a large market share in Mumbai, Delhi and Pune. Looking for an opportunity to expand, it has decided to open a new branch in Kerala. It has to decide on what new resources it will invest in so that it is able to earn the highest possible return for its investors. Once the company believes that it will be able to generate higher revenues and profits, it also has to decide on how this project will get funded. The finance manager, Atul was told to have an optimal capital structure by striking a balance between various sources of getting the project funded so as to increase shareholders' wealth. Atul, after assessing the cash flow position of the company, evaluated the cost of different sources of finance and compared the risk associated with each source as well as the cost of raising funds.

- (a) State the two financial decisions discussed in the above situation.
- (b) Explain any two factors affecting each of the decisions that still have to be considered by the finance manager.

25(a). Explain the following principles of management :

- (i) Division of work;
- (ii) Unity of command; and
- (iii) Scalar chain.

OR

25(b). Explain the following scientific principles of management :

- (i) Science, Not Rule of Thumb;
 - (ii) Harmony, Not Discord; and
 - (iii) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.
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