CBSE Class 12 Business Studies 2020 - Set 66/C/3 - Compartment

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) This question paper comprises five sections - A, B, C, D and E. There are 34 questions in the question paper. All questions are compulsory.

(ii) Section A – Question nos. 1 to 20 are very short answer type questions, carrying 1 mark each.

(iii) Section B – Question nos. 21 to 25 are short answer type I questions, carrying 3 marks each.

(iv) Section C – Question nos. 26 to 28 are short answer type II questions, carrying 4 marks each.

(v) Section D – Question nos. 29 to 31 are long answer type I questions, carrying 5 marks each.

(vi) Section E – Question nos. 32 to 34 are long answer type II questions, carrying 6 marks each.

(vii) Answers should be brief and to the point.

(viii) There is no overall choice in the question paper. However, an internal choice has been provided in one question of 3 marks, one question of 4 marks, three questions of 5 marks and two questions of 6 marks. Only one of the choices in such questions have to be attempted.

Section A

1. State, giving reason, whether the following statement is true or false :

"A rule is the prescribed way or manner in which a task has to be performed considering the objective."

2. Which of the following is not a step in the process of planning ?

(A) Making assumptions about the future.

(B) Evaluating different proposals in light of the objectives to be achieved.

(C) Allocation of jobs to members of each department.

(D) Seeing whether activities are performed as per schedule or not.

3. The objective of management which consistently creates economic value for various constituents of society is :

(A) Organisational objective

(B) Social objective

(C) Personal objective

(D) Both Social and Personal objective

4. Which of the following is a component of economic environment ?

(A) Concern with quality of life

(B) Rates of saving and investment

(C) Extent of government intervention in business

(D) Birth and death rates

5. The principles of management are said to be flexible as :

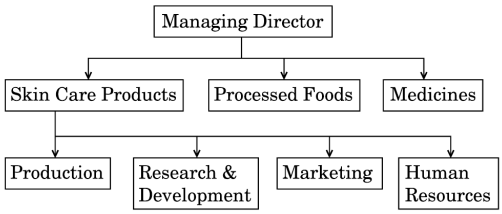
(A) they aim at influencing behaviour of human beings.

(B) they are general guidelines to action, but do not provide readymade solutions to management problems.

(C) they can be modified by the manager when the situation so demands.

(D) their application is dependent upon the prevailing situation at a particular point of time.

6.



Identify the type of organisation structure from the organisational chart given below of Swastika Industries Ltd. located in Uttarakhand :

7. For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____ .

8. _____ test is a measure of an individual's potential for learning new skills.

(A) Personality

(B) Aptitude

(C) Intelligence

(D) Interest

9. Which statement is not correct, with respect to 'Organisation Structure' ?

(A) Ensures coordination among human and physical resources.

(B) Ensures smooth flow of communication.

(C) Specifies relationship between people, work and resources.

(D) Establishes standards for controlling.

10. Using external sources for filling vacant positions :

(i) Gives a wider choice.

(ii) Simplifies the process of selection.

(iii) Instils a competitive spirit among the existing employees.

(iv) Does not infuse fresh talent in the organisation. Choose the correct option from the following :

(A) (i) and (ii)

(B) (i) and (iii)

(C) (i), (iii) and (iv)

(D) (ii) and (iv)

11. Organisations which choose to diversify their operations require _____ fixed capital. (more/less)

12. The process of classification of products into different groups on the basis of their important characteristics refers to which of the following marketing functions ?

(A) Grading
(B) Standardisation
(C) Product designing
(D) Marketing planning

13. State the objective of financial management.

14. While the product _____ sets the lower limit of the price, the utility provided by the product sets the upper limit of price, which a buyer would be prepared to pay.

15. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc.

It has now decided to open two new branches in other parts of Bengaluru.

Which financial decision has been discussed in the above case ?

(A) Long-term investment decision
(B) Short-term investment decision
(C) Dividend decision
(D) Financing decision

16. Who among the following is not considered a consumer under the Consumer Protection Act, 1986 ?

(A) A person who buys any goods for a consideration which has been paid.
(B) A person who avails of any service for a consideration which has been promised.
(C) A person who avails of a service for a commercial purpose.
(D) Any user of goods when such use is made with the approval of the buyer.

17. State, giving reason, whether the following statement is true or false :

"Advertising refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product."

18. The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving.

The function performed by the label in the above case is :

(A) Describing the product and specifies its contents.
(B) Identification of the product or brand.
(C) Helping in promotion of products.
(D) Providing information required by law.

19. Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order.

He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. These functions are performed by all managers at all times.

The feature of management highlighted above is :

(A) Management is a continuous process.
(B) Management is pervasive.
(C) Management is dynamic.
(D) Management is a group activity.

20. Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned :

"If you are not satisfied with the product quality, write to our Customer Care Cell at

Bell Foods Pvt. Ltd.

B/321, Jalandhar, Punjab."

The biscuit company has set up its own consumer service and grievance cell to promote and protect the following right :

(A) Right to Safety
(B) Right to be Heard
(C) Right to be Informed
(D) Right to Consumer Education

Section B

21. Currently, the banking sector in the Indian economy is facing lots of problems. The rates of interest that banks are paying on deposits have sharply decreased; as a result banks are able to collect lesser amounts of deposits.

Due to the policies of the Reserve Bank of India, lending rates have also decreased. The automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining.

Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, short-term instrument which could be purchased by corporations, companies and individuals.

(a) Identify and explain the money market instrument used by 'The Oberoi Bank Ltd.' to raise funds.

(b) Also explain the money market instrument used by the banks to maintain Cash Reserve Ratio.

22(a). Explain the following as limitations of planning :

(a) Planning leads to rigidity.

(b) Planning involves huge costs.

(c) Planning does not guarantee success.

OR

22(b). Explain the following points as importance of delegation of authority :

(a) Motivation of employees (b) Employee development (c) Basis of management hierarchy

23. Vaibhav Sharma was working as the Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive Officer (CEO) of the company was scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to the organisational interest over his personal interest.

Name and explain the principle of management being followed by Vaibhav Sharma in the above case.

24. Explain the following steps in the process of staffing :

(a) Performance Appraisal (b) Promotion and Career Planning (c) Compensation

25. 'Stay Fit', a probiotic drink was launched in the market by Dabal India Ltd. and is available in various cities across the country. Doctors are recommending it as it is very useful for the stomach. The company is also using various tools to inform and persuade customers about its product.

It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future.

The company has also appointed a large number of salespersons, who contact the prospective buyers and communicate with them to make sales. This way, the company is able to develop personal rapport with its customers.

In order to create awareness and to increase its popularity among school children, it also organises workshops for students and teachers. It also arranged visits of students and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive image of its product in the society. This way the company is using a combination of communication tools to inform and persuade customers about their firm's product.

Identify and explain these tools.

Section C

26(a). Explain any four regulatory functions of Securities and Exchange Board of India (SEBI).

OR

26(b). Explain 'Commercial Paper' and 'Treasury Bill' as money market instruments.

27. The Government of India, in an effort to eliminate plastic waste, imposed a nationwide ban on single-use plastic. The ban would most likely target plastic cutlery, straws, cups and glasses.

As a result of this ban, the businesses have been forced to change their practices. 'Viman Airlines' decided to stop giving small water bottles on its flights.

Various firms have come up in the country that are making biodegradable plastic out of starch, wheat hay or petrochemicals. Thus competition in this upcoming industry is immense.

Businesses are also focusing on developing techniques to produce alternatives for plastic bags. 'Carlos Technologies Ltd.', a leading engineering company, has planned to design and deliver hi-tech machines that can scale up production of bags made from newspaper to replace plastic bags. Many companies are placing orders for such machines. This has added challenges before smaller firms making paper bags.

In various enterprises, employees are being trained to operate such hi-tech machines. This will provide human resource with higher competence.

Customers have also become more demanding due to increased awareness and are forcing sellers to adopt bags which are not made of plastic.

Identify and explain the impact of the above Government policy on Business and Industry.

28. Alka is working in the Accounts Department of 'Modern Locks Ltd'. Her mother is not well and to attend to her she wanted to take leave for one week.

For this, she went to the Senior Accountant, Manoj and discussed her problem. At that time Manoj was simultaneously checking the Balance Sheet of the company. Since his mind was preoccupied in some work, he did not listen to Alka attentively and could not understand her problem.

Alka was quite disappointed with the behaviour of Manoj.

(a) Identify the type of communication barrier discussed above.

(b) Also explain any three barriers of the same type.

Section D

29(a). Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokaro.

Currently it produces about three million tonnes of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require ₹ 1,800 crore of fixed capital and ₹ 200 crore of working capital.

To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of ₹ 2,000 crore. Presently the capital structure is comprising of equity only. The Finance Manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures.

(a) Is it justified to raise funds by issuing debentures ? Give reason in support of your answer.

(b) Explain the impact of issue of debentures on the risk faced by the company.

(c) Explain the impact of 'cost of debt' and 'cost of equity' on the capital structure of the company.

OR

29(b). From last many years, in the month of November, due to sudden rise in the pollution levels in Delhi and other parts of northern India, there has been an increase in the demand for air purifiers.

Inderprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. In order to increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production cycle of the product is short.

Identify and state any two factors that 'Inderprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements. Also state three other factors which should be kept in mind while deciding the working capital requirements of a company.

30(a). State any five limitations of internal sources of recruitment.

OR

30(b). State any five measures that can be adopted by organisations to improve effectiveness of communication.

31(a). Explain any five characteristics of coordination.

OR

31(b). Is management a profession ? Explain.

Section E

32(a). InfoMed Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work in India – 2019' and is the most sought after by job-seekers.

In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified.

During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation.

(a) Identify and explain the types of organisation being discussed in the above case.

(b) State two advantages of each type of the organisation identified in (a) above which have not been discussed in the above para.

OR

32(b). 'Good Looks Ltd.' are the manufacturers of cosmetics. The company enjoyed a pre-eminent position in the business and has grown in size. Till recently the company had been doing good business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India Ltd.' as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable and resourceful and can assume the responsibility of effective implementation of their decisions.

(a) Identify and give the meaning of the concept based on which 'Structures Consultants India Ltd.' gave their recommendations to 'Good Looks Ltd.'.

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

33(a). Explain the relationship of planning and controlling.

OR

33(b). Explain the steps involved in the process of selection after 'preliminary screening' and 'selection tests'.

34. Arnav had a garments business specialising in jackets for all seasons. Though the jackets were available at an affordable price, the business was not doing well.

Aman, his eldest son, suggested that they should undertake aggressive selling and promotional efforts to make customers buy the products. He believed that customers buy only when they are adequately convinced and motivated for the same. Aditya, his second son, believed that availability, low price and aggressive selling techniques cannot ensure increased sales. He felt that customers looked for products which were superior in quality and do not mind paying a high price for it. So, he decided to manufacture good quality jackets at a separate production unit. He also opened a separate outlet on the first floor of the showroom for the same. Very soon, the business started flourishing.

Identify and explain the marketing philosophies guiding the marketing efforts of Arnav, Aman and Aditya.

- End of Question Paper -