CBSE Class 12 Business Studies 2024 - Set 66/S/2 - Compartment

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) Read the following instructions carefully.
(ii) This question paper contains 34 questions. All questions are compulsory.
(iii) Marks are indicated against each question.
(iv) Answers should be brief and to the point.
(v) Answers to questions carrying 3 marks may be from 50 to 75 words.
(vi) Answers to questions carrying 4 marks may be in about 150 words.
(vii) Answers to questions carrying 6 marks may be in about 200 words.
(viii) Attempt all parts of a question together.

Questions

1. Which of the following is not a function of middle level management ?

(A) To interpret the policies framed by the top management
(B) To ensure that their department has the necessary personnel
(C) To coordinate the activities of different departments
(D) To assign necessary duties and responsibilities to the personnel in their departments

2. Statement I : As per the Consumer Protection Act, 2019, the District Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration does not exceed ₹ 10 crores.

Statement II : If any of the parties is not satisfied by the order of the District Commission, they can appeal against such order to the State Commission on the grounds of facts or law within a period of forty-five days from the date of order.

Choose the correct option from the following :

(A) Statement I is true and Statement II is false.
(B) Statement II is true and Statement I is false.
(C) Both the Statements are true.
(D) Both the Statements are false.

3. 'V.K. Public School' had a vacancy for an English teacher for Class XII. After preliminary screening of the applications, they shortlisted 10 candidates. Now, the school management asked the candidates to give a demonstration lesson related to the curriculum of Class XII. The purpose of these demonstration lessons was to measure the existing teaching skills of the candidates and proficiency in the area of profession.

Identify the type of selection test used by 'V.K. Public School' in the above case :

(A) Aptitude test
(B) Intelligence test
(C) Trade test
(D) Personality test

4. The level(s) of packaging shown in the picture given below is/are :

(A) Primary level only
(B) Primary and secondary levels
(C) Primary, secondary and transportation packaging levels
(D) Primary and transportation packaging levels

5. Which of the following statements is correct for 'short term investment decisions' ?

(A) They affect the earning capacity of a business in the long run.
(B) These decisions normally involve huge amounts of investment.
(C) These decisions affect the liquidity as well as profitability of a business.
(D) They are irreversible except at a huge cost.

6. 'The management should not close its ears to any constructive suggestions made by the employees but reward them for their suggestions which results in substantial reduction in costs.'

Which principle of scientific management is discussed in the above statement ?

(A) Science, Not Rule of Thumb
(B) Harmony, Not Discord
(C) Cooperation, Not Individualism
(D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity

7. Aparna and Priyanka are working in 'Shreya Industries', a company dealing in readymade garments for women. Each of them was assigned the responsibility of producing 10 dresses each within 5 days at a cost of ₹ 1,000 per dress. Aparna was able to produce 10 dresses at a cost of ₹ 1,100 per dress within 5 days, whereas Priyanka was able to produce only 8 dresses at a cost of ₹ 900 per dress in 5 days.

Which of the following statements is correct with respect to the above ?

(A) Aparna is efficient but Priyanka is effective.

(B) Aparna is effective but Priyanka is efficient.

(C) Both Aparna and Priyanka are effective.

(D) Both Aparna and Priyanka are efficient.

8. Prakhar Ltd. is the manufacturer of life-saving drugs. There was an outbreak of flu two years back that spread quickly and affected many people. Prakhar Ltd. made huge investment on research and development and was able to develop a medicine for the same. The medicine was very effective in controlling the flu and now it has become a necessity for the patients. As a result, the demand for the medicine increased manifold. Considering the demand, the company increased the price of the medicine. The government observed the situation. Since it was the only available medicine to combat flu, the Government declared it as an essential medicine and regulated its price to make it affordable for the public.

From the following, identify the factor(s) affecting the determination of price discussed in the above case :

(i) Product cost

(ii) Marketing methods used

(iii) Utility and demand

(iv) Government and legal regulations

(A) (iv) only

(B) (i), (iii) and (iv)

(C) (iii) and (iv)

(D) (i), (ii) and (iii)

9. Statement I : Shareholders' funds involve commitment regarding the payment of returns or the repayment of capital.

Statement II : Debt is considered to be the cheapest of all the sources of funds and tax deductability of interest makes it still cheaper.

Choose the correct option from the following :

(A) Statement I is true and Statement II is false.

(B) Statement II is true and Statement I is false.

(C) Both the Statements are true.

(D) Both the Statements are false.

10. Which of the following options denotes the correct sequence of steps in the process of 'Organizing' function of management ?

(A) Departmentalisation → Identification and division of work → Establishing authority and reporting relationships → Assignment of duties

(B) Departmentalisation → Identification and division of work → Assignment of duties → Establishing authority and reporting relationships

(C) Identification and division of work → Establishing authority and reporting relationships → Assignment of duties → Departmentalisation

(D) Identification and division of work → Departmentalisation → Assignment of duties → Establishing authority and reporting relationships

11. Match the explanation of different sources of external recruitment given in Column I with the sources given in Column II.

Column I	Column II
1. Websites designed and dedicated for the purpose of providing information about both, job seekers and job openings	(i) Casual Callers
2. Liaison of business houses with the educational institutes to recruit qualified personnel for various jobs	(ii) Web Publishin g
3. Notice placed on the notice-board of the enterprise specifying the details of the jobs available	(iii) Campus Recruitm ent
4. Database of unsolicited applicants in the office, prepared and screened to fill vacancies	(iv) Direct Recruitm ent

Choose the correct option from the following :

(A) 1-(iii), 2-(i), 3-(iv), 4-(ii)
(B) 1-(i), 2-(iii), 3-(iv), 4-(ii)
(C) 1-(ii), 2-(iv), 3-(i), 4-(iii)
(D) 1-(ii), 2-(iii), 3-(iv), 4-(i)

12. As per the Consumer Protection Act, 2019, the consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

The consumer right being referred to here is _____ :

(A) Right to Safety
(B) Right to be Heard
(C) Right to be Informed
(D) Right to Seek Redressal

13. Ashok Industries Ltd. is a company manufacturing components for automobile industries. In this company, standards have been set for every manufacturing activity including standardisation of process, raw material, time, product, machinery and methods which must be adhered to during production. This has been done to bring excellence in quality of the materials produced. The foreman of the company, Mehra, has designed the jobs of the workers in such a manner that unnecessary movements are eliminated and it takes less time to complete the jobs efficiently. He has also scientifically analysed the duration and frequency of rest intervals that should be provided to the workers in the factory so that they can regain stamina and work efficiently.

Out of the following, which technique of scientific management has not been discussed in the above paragraph ?

(A) Fatigue study
(B) Method study
(C) Motion study
(D) Standardisatrion and simplification

14. In T-pex Ltd, a company trading in stationery items, it was decided that all purchases would be made from AK Ltd. on credit basis with credit period of at least 7 days. This was done because no other company was offering credit facility. Which type of plan has been referred to in the above paragraph ?

(A) Rule
(B) Policy
(C) Method
(D) Strategy

15. 'If there is a fixed place for everything and it is present there, then there will be no hindrance in the activities of business/factory.'

The principle of management that is highlighted in the above statement is :

(A) Discipline
(B) Order
(C) Unity of direction
(D) Esprit de corps

16. When the products are sold by a manufacturer to the end consumer without involving any intermediary, the type of channel of distribution used is :

(A) Zero level channel
(B) One level channel
(C) Two level channel
(D) Three level channel

17. The purpose of the principle of 'unity of command' is that :

(A) It avoids dual subordination.
(B) It subordinates individual interests to organizational interests.
(C) It promotes a team spirit of unity and harmony among employees.
(D) It concentrates decision-making authority at the top level.

18. Techpack Ltd. is a company in Hyderabad that produces and sells packaging material to various industries across the nation in a B2B e-business form. It is a dynamic company. Over the years, due to rising concerns for climate change and shift of preferences of Indian customers towards environment-friendly products, the company has shifted to the production of biodegradable packaging material. Moreover, due to its digital transformation, the company has tremendously benefited as its customers could place orders and make cashless payments in various online modes.

The dimensions of business environment discussed in the above case are :

(A) Economic and social environments
(B) Social and technological environments
(C) Technological and economic environments
(D) Social and political environments

19. Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative from the options given below :

Assertion (A) : While taking dividend decision, the extent of retained earnings also influences the financing decision of the firm.

Reason (R) : The firm does not require funds to the extent of re-invested retained earnings.

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false.
(D) Assertion (A) is false, but Reason (R) is true.

20. Prashant started a grocery retail business. Due to increasing popularity of online shopping, the degree of competition is very high in this business. His requirement of working capital will be high as he would have to hold larger stocks of finished goods to meet urgent orders from customers. The factor affecting the requirement of working capital is :

(A) Availability of raw material
(B) Scale of operations
(C) Level of competition
(D) Inflation

21. Dhiren Patel is the Chief Executive Officer of a milk processing company. He is a very effective manager. He is quite organized in his work and exhibits exemplary behaviour.

Dhiren Patel insists that all managers and subordinates in the organization should follow a chain of authority that runs from top to bottom for all communication purposes.

Identify and explain the general principle of management highlighted in the above case.

22(a). State any three factors affecting financing decision.

OR

22(b). State any three protective functions of Securities and Exchange Board of India.

23(a). Explain 'Democratic (Participative) style of leadership'.

OR

23(b). 'An intelligent manager should make use of positive aspects of informal channels and minimise the use of negative aspects of this channel of communication.'

In the light of the above statement, explain any one positive and any two negative aspects of informal channels of communication.

24. A popular magazine published an article on job cuts across the globe. It stated that due to reasons like cost cutting, market conditions and technological advancement, almost two lakh people in the IT sector have lost their jobs during the last year.

This was read and discussed by employees of Techwire Ltd. a software development company in India. It created a lot of unrest among them and their morale came down. The productivity of the employees started declining. The Chief Executive Officer of the company observed the insecurity among the staff about their jobs. Understanding his role as the leader, he wrote an e-mail to all the employees assuring them about the stability of their future income and job.

This communication gave the employees psychological and emotional satisfaction and showed positive results in terms of their performance. The Chief Executive Officer was able to make the subordinates act in a desired manner to achieve the organizational goals, without giving them any monetary incentives.

(i) Identify and explain the incentive used by the Chief Executive Officer to improve the performance of the employees.

(ii) State the need of the employees as per Maslow's Hierarchy of Needs theory which was satisfied in the above case.

25. Anmol Pathak, a restaurant owner, observed that over a period of one year, the costs of raw material, transportation and packaging had increased. As a result the total cost had increased by 15%. He thought that it was not easy to keep a check on each and every activity in the organisation, so he decided to study deeply the increase in these three costs. He prepared a table of acceptable and actual increase in cost as given below :

S.No.	Expense	Acceptable increase in cost	Actual increase in cost
1.	Raw material	4%	7%
2.	Transportation	10%	8%
3.	Packaging	10%	20%

Explain the two concepts related to a function of management that will be used by Anmol Pathak to analyse the deviations.

26. Silk Ltd. had an EPS of ₹ 1. It raised a loan of ₹ 10 lakhs at an interest rate of 10% p.a. from a bank. After one year, the results were as follows :

Details	Amount
Equity (Shareholders' Funds) (2,00,000 shares of ₹ 10 each)	₹ 20 Lakh
10% Loan	₹ 10 Lakh
Earning Before Interest and Tax (EBIT)	₹ 6 Lakh
Earning Per Share (EPS)	₹ 2

Tax rate 20%.

(i) Why did EPS in Silk Ltd. rise with the use of debt ?

(ii) If EBIT of the company would have been ₹ 3 lakh, would using debt still be favourable for the company ? Explain.

27. Distinguish between 'Primary Market' and 'Secondary Market' by giving any four points.

28(a). Explain 'Autocratic' and 'Laissez-faire' style of leadership.

OR

28(b). Explain any four semantic barriers to communication.

29. Ishaan wanted to buy five litres of mustard oil. Before he went to the market, he surfed the Internet to find out about the various brands of mustard oil available in the market. On visiting the retail shop, he could find five different brands of mustard oil but to his surprise, only one of them had 'FSSAI' certification mark, which he decided to buy. He read the label on the oil container to find out the price and weight of the oil. While paying for the oil he ensured that the cashier gave him the cash memo.

Ishaan was a responsible consumer. State any four responsibilities that Ishaan kept in mind while purchasing the mustard oil.

30(a). Explain any four points of importance of 'Directing' function of management.

OR

30(b). Explain the following methods of training :

(i) Induction training

(ii) Apprenticeship training

31. 'Health Relax Ltd.' is one of India's leading consumer healthcare brands in diagnostic services. It has an integrated nationwide network of diagnostic centers. The company was exploring new avenues for its expansion. The top level managers analysed the business environment and found that since the year 2023 was the International Year of Millets, it was expected that the global demand for millets will grow by around 5% annually. India being one of the leading producer and exporter of millets, it was realised that there was a great business opportunity in the millet industry. The Board of Directors approved the idea of venturing into the business of selling bread, noodles and dosa mix made of millets.

The company had to restructure itself. It diversified into varied product categories and created a structure comprising of separate business units. Each unit had a manager responsible for performance who had authority over the unit. Manpower was grouped on the basis of different products manufactured.

(i) Identify the type of organizational structure of Health Relax Ltd. after restructuring and give its meaning.

(ii) Explain any two advantages and two disadvantages of the type of organisational structure identified in the above case.

32(a). Explain the various objectives of management.

OR

32(b). Explain any four features of 'Coordination'.

33(a). Give the meaning of 'Formal Organization'. State any five features of formal organization.

OR

33(b). Give the meaning of 'Planning'. State the first five steps in the process of planning.

34. BJ Pvt. Ltd. is a company manufacturing organic shampoos with the brand name 'Pure Shine'. This name will help the company in creating product differentiation. To satisfy the needs of the customers in the target market the company used natural ingredients like curry leaves, neem, rice, etc. The focus of the company is on satisfaction of customers needs. To have higher demand of shampoo it decided to fix a lower price in comparison to the other shampoos available in the market. To inform the customers about the shampoo and its features etc., the company used various promotional tools. For maximum satisfaction of customers, the company provides the contact details of the customer care centre to handle customer complaints.

Identify and explain any three functions of marketing discussed in the above paragraph.

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