

CLASS XII  
BUSINESS STUDIES  
PRACTICE PAPER-4  
2020-21

MM – 80

TIME: 3 HOURS

General instructions:

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answer should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. -----is granting of authority to subordinates to operate within the prescribed limit.

- A. Coordination B. Departmentalisation C. Decentralization D. Delegation of authority 1

2 Business Environment comprises many factors which are related to each other and their individual effects on business cannot be identify with precision. As a result, change in a factor affects the other factor and change in some or other factor continue to take place.

Which feature of the Business environment is being highlighted in the above statement?

- A. Complexity  
B. Interrelated  
C. Dynamic  
D. All the above.

3. "Every manager needs to apply his/her theoretical knowledge to find solutions of the problems of organization which varies from individual to individual "

Identify the characteristic of the Management as art that is discussed above.

- A. Existence of Theoretical knowledge  
B. Personalized Application  
C. Based on Practice and Creativity  
D. All of the Above

4. "Due to Corona virus pandemic, many companies are allowing their employees to work from home and providing them the requisite gadgets and machinery for that. It has resulted into innovative products that are being launched in last 6 months. "

Identify the dimension of the business environment which is discussed above.

A. Social Environment

B. Technological Environment.

C. Political Environment

D. Legal Environment

1

5. Management is necessary for every type of organization whether it is a start up or a top most MNC. Which feature of management is highlighted in the above statement

A. Goal Oriented process

B. All pervasive

C. Multidimensional

D. Dynamic Function

1

6. "The spread of Corona virus led to the opportunities arises in the demand for many products specially related to the devices that help in work from home and simultaneously decrease in the demand of many other products."

Identify the feature of business environment being described above.

A. Specific and general forces

B. Interrelatedness

C. Relativity

D. None of the above

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7. Which of the following is not an element of political environment?

A. Types of Government

B. Attitude of the Government

C. Stability and peace in the country

D. Taxation policy

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8. 'Coordination is used at every step and every time to maintain a balance in group activities that are performed to achieve the organizational objectives.'

Identify the characteristic of coordination discussed above.

- A. Coordination ensures unity of action
- B. Coordination is a deliberate function
- C. Coordination is a continuous process
- D. Coordination is an all-pervasive function

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9. Name the function of management which helps in bringing clarity in working relationship and leads to a systematic allocation of work among the work force.

- A. Planning
- B. Organising
- C. Directing
- D. Controlling

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10. Identify an important principle of management control in which deviations in key result areas are given more attentions as compare to deviations in insignificant areas.

- A. Management by control
- B. Control by exception
- C. Critical point control
- D. (a)&(b)

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11. \_\_\_\_\_ is an optional policy decision done at the discretion of top management that results in less control over executives hence brings greater freedom of actions for subordinates.

- A. Delegation
- B. Decentralization
- C. Coordination
- D. Controlling

OR

----- is to eliminate unnecessary and wasteful movements so that it takes less time to complete the job efficiently resulting in increase productivity.

- A. Method Study.
- B. Motion Study.
- C. Time Study .
- D. Fatigue Study.

1

12. Match the concept of marketing in Column I with their respective definition in Column II

COLUMN – I	COLUMN – II
A) Production Concept	i. relates to customer satisfaction and social welfare.
B) Marketing Concept	ii relates to satisfying customer needs
C) Societal Concept	iii. relates to maintaining high quantity of the product.

A. i,ii,iii  
B. ii,i,iii  
C. iii,ii,i  
D. i,iii,ii

OR

In order to improve sales of their products, STL Ltd. Hired Rajeev as its marketing head . After analyzing the sales and customer feedback , Rajeev made certain changes in the designs of various products of the company resulting in attraction of the new customers and improve sales. Identify the marketing function being used by Rajeev.

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- A. Standardisation
- B. Product Designing
- C. Customer support service
- D. Gathering and analyzing market information

Read the following text and answer question No.13-16 on the basis of the same:

MNP Ltd. is searching options to raise ₹5,000 crores from the primary market for diversification of its portfolio and expanding into new markets. It hired the services of a renowned financial consultancy firm, VFINANCE PVT. LTD. for suggesting options for the same. VFINANCE PVT. LTD. suggested a list of options to the Board of Directors of the company. It was decided that for the immediate requirement of ₹1500 crores the company will give a privilege to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. ₹2,000 crores would be raised by allotment of securities to a consortium of financial institutions, helping company raising capital more quickly. It was further decided to raise capital to the tune of ₹500 crores through an issuing house. All

these options were accepted by the Board of Directors. The Board further decided to raise ₹1,000 crores through the on-line system of the stock exchange by entering into an agreement with the exchange.

13. Identify the method of floatation of new issues in the primary market, not taken up by MNP LTD.

A. Offer for sale

B. Rights issue

C. E-IPO

D. Offer through prospectus 1

14. “₹2000 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital.” Identify the method of floatation of new issues in the primary market being discussed above, which the company has decided to use.

A. Offer for sale

B. Private placement

C. Right Issue

D. Offer through Prospectus 1

15. Identify the reason which has made the firm raise funds from the existing shareholders.

A. It fulfill the legal requirement.

B. It is a privilege given to existing shareholders to participate in the issue

C. Both a & b

D. None of the above. 1

16. How much money was raised by the company through right issue

A. ₹2,000 crores

B. ₹500 crores

C. ₹1,500 crores

D. ₹1,000 crores 1

Read the following text and answer question No.17-20 on the basis of the same:

Avika and Ojas both architects, started a private limited firm named “WE’Live” pvt. Ltd. and offered services like designing the houses and flats. Their firm takes expectations, requirements and details from the customers and make their houses fully furnished as per the details. They provided special discounts and maintenance scheme for attracting new customers and entering in the new market It also starts giving online views of the final product and helps making right choices for the owners, offering its products at competitive prices. They got patents for various newly techniques in designing and development of new products under . “We’Live “ is known for its value and customer satisfaction. In a very short period of time, It becomes a bench mark of excellence and capture a very large segment of the market. “We’Live “ is known for its value and customer satisfaction. To take their company to the

next level ,they hire the services of a professional advertising agency, MEDIAN PVT.LTD for promoting the product. On the advice of MEDIAN PVT.LTD, “WE’Live” launched a new advertisement campaign and also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, providing training and employment to the girls belonging to economic weaker section of the society etc.

17. “We’Live “ is known for its value and customer satisfaction. It becomes a bench mark of excellence and capture a very large segment of the market.

This statement shows the \_\_\_\_ of the Company

- A. Brand value
- B. Trademark
- C. Patent
- D. Position

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18. Their firm takes expectations, requirements and details from the customers and make their houses fully furnished as per the details. They provided special discounts and maintenance scheme for attracting new customers and entering in the new market It also starts giving online views of the final product and helps making right choices for the owners, offering its products at competitive prices.

Identify the factor affecting the element of marketing mix being discussed above.

- A. Marketing methods used
- B. Objectives
- C. Extent of competition in the market
- D. Product cost

19 On the advice of MEDIAN PVT.LTD, “WE’Live” launched a new advertisement campaign ....

The above statement belongs to which element of marketing mix

- A. Product Mix.
- B. Price Mix .
- C. Place Mix.
- D. Promotion Mix.

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20. On the advice of MEDIAN PVT.LTD, “WE’Live” also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, providing training and employment to the girls belonging to economic weaker section of the society etc.”

Name the department in the organisation which is generally responsible for performing the above important task.

- A. Sales Department

B. Public Relation Department.

C. Production Department

D. Any of the above.

21.	<p>Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits have started declining from the last six months. Profit has an implication for the survival of the firm, so he analyzed the business environment to find out the reasons for this decline.</p> <ol style="list-style-type: none"><li>1. Identify the level of management at which Ashutosh Goenka was working.</li><li>2. State two other functions being performed by Ashutosh Goenka.</li></ol>	3
22.	<p>The workers of Gargya Ltd. are unable to work on new computerised machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with frequent calls of the workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently. Also state any two benefits that the workers will derive by the decision of the supervisor.</p>	3
23.	<p>PQR Ltd. is engaged in manufacturing machine components. The target production is 200 units per day. The company had been successfully attaining this target until two months ago. Over the last two months, it has been observed that daily production varies between 150-170 units.</p> <ol style="list-style-type: none"><li>1. Identify the management function to rectify the above situation.</li><li>2. Briefly state the procedure to be followed so that the actual production may come up to the target production.</li></ol> <p style="text-align: center;">OR</p> <p style="text-align: center;">Describe briefly the relationship between controlling and planning.</p>	3
24.	<p>"Money market is essentially a market for short-term funds'. In the light of this statement state any three features of money market.</p> <p style="text-align: center;">OR</p> <p>Squib Ltd. is a large creditworthy company operating in the Kashmir Valley. It is an export- oriented unit, dealing in exclusive embroidered shawls. The floods in the Valley have created many problems for the company. Many craftsmen</p>	3

	<p>and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw materials and the duration of the production cycle has also increased. To add to the problems of the organisation, the suppliers of raw materials who were earlier selling on credit are asking the company for advance payment or cash payment on delivery. The company is facing a liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short-term shortage of cash.</p> <p>As a finance manager of the company, name and explain the alternative to bank borrowings that the company can use to resolve the crisis.</p>	
25.	<p>Aakansha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organisation with a view to increasing managerial and operational efficiency. They assessed and analyzed the type and number of employees required; keeping in mind that they had to encourage the women and the people with special needs belonging to the rural area. State the next three steps that they will have to undertake for obtaining a satisfied workforce for their handicraft unit.</p>	4
26.	<p>Yash has set up a small scale manufacturing unit for making different varieties of low cost detergents. In order to market his product he has employed a team of five salesmen. Each salesman has been assigned specific areas in the city. He holds a meeting every month for determining the objectives to achieve during the coming month. A sales target is predetermined for each month which is mutually agreed by both Yash and his sales team. If the salesmen succeed in reaching this target a bonus is paid out to all of them along with the monthly salary.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> <li>1. What style of leadership is adopted by Yash? Explain by quoting lines from the para.</li> <li>2. Name the type of non-financial incentive being offered to the salesmen by seeking their involvement in deciding the monthly targets of the firm.</li> </ol>	4
27.	<p>Prateek is working in a multinational company in Noida. He was running a temperature for the last many days. When his blood was tested, he was found to be positive for malaria. He was admitted in a hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior,</p>	4



	<p>Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organisation requesting them to donate blood for Prateek. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleaning the surroundings.</p> <ol style="list-style-type: none"> <li>1. From the above paragraph, quote lines that indicate formal and informal communication.</li> <li>2. State any two features of informal communication..</li> </ol> <p style="text-align: center;">OR</p> <p>Alfa Ltd. was dealing in renewable energy services. To get the business, the team leader and his team used to travel to different states to give presentations to the clients. As per the policy of the company, the team leader used to travel by air whereas his team travelled by road/train. It was not only time-consuming but also forced the female team members to travel alone at times.</p> <p>As a result, the subordinates were not acting in a desired manner to achieve the organisational goals. The CEO of the company came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that in future, all the members including the leader would travel together and usefully utilise the travelling time in discussion about the presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.</p> <p>State the features of the element of the function of management used by the CEO.</p>	
28.	<p>Explain the following factors affecting dividend decision:</p> <ol style="list-style-type: none"> <li>a) Stability of dividends</li> <li>b) Cash flow position</li> <li>c) Shareholders preference</li> <li>d) Growth opportunities.</li> </ol> <p style="text-align: center;">OR</p> <p>Explain the following factors affecting the requirements of fixed capital:</p> <ol style="list-style-type: none"> <li>a) Choice of technique</li> <li>b) Level of collaboration</li> <li>c) Diversification</li> <li>d) Nature of business.</li> </ol>	4

29.	"Financial planning tries to link the present with the future." Explain the importance of financial planning in the light of this statement.	4
30.	State any four responsibilities of a consumer while purchasing/consuming goods and services.	4
31.	<p>Explain the following principles of general management.</p> <p>A) Unity of command</p> <p>B) Stability of personnel</p> <p>C) Division of work</p>	6
32.	<p>The manager of 'Jai shree Retail Shop', Mr. Samir Gupta fixed the target that in the following year the sales will be boosted from 150 crore to R200 crore. Also he ensured that for the achievement of the target, finance and man-power will be easily arranged. Mr. Gupta was still planning for this target when he had to go on a long leave all of a sudden. Now the responsibility to do so fell on the shoulders of the Deputy Manager, Mr. Krishna Gopal. Now the further activity was taken over by him. The problem before him was how to achieve the sales target fixed by Mr. Gupta. For this, he thought of several options. For example, he thought that whether more attention should be given to advertisement; whether the prices of the products should be reduced; whether more attention should be paid to packing; whether the quality of goods should be improved; whether the customers should be given better After-Sale-Service and whether the credit facility for purchase should be given. After deliberating over all the options deeply, he arrived at the conclusion that the target could easily be achieved by concentrating more on advertisement. he did the same. He continuously kept a watch over this whether the desired results were obtained. At the end of the year the results obtained were favorable.</p> <p><b>Identify the different stages of planning process described in the above paragraph by quoting the relevant lines</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Explain any four limitations of planning.</b></p>	6
33.	<p>Rohan , aged 45 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Akshay. Rohan is considered one of the most committed, capable and hard-working employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various „special’ projects assigned to Rohan, he handled them as a matter of routine. A problem developed when an able and intelligent person Natarajan, aged 33, was appointed by Akshay. Natarajan’s previous three years’ experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Akshay noticed the tension developing between the</p>	6

	<p>two employees. However, he didn't want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Rohan complained to Akshay stating that his duties were being largely taken over by Natarajan. Akshay issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity.</p> <ol style="list-style-type: none"> <li>1. Identify and state the step of organizing process which has not been carried out properly and contributed to this problem.</li> <li>2. State the two steps of the organizing process which have been taken by Akshay to respond to the complaint of Rohan.</li> </ol> <p>Also state two points of importance of organizing as reflected in the above case.</p>	
34.	<p>Explain the following functions of marketing in detail.</p> <ol style="list-style-type: none"> <li>I) Product designing and development</li> <li>II) Standardisation and Grading</li> <li>III) Packaging and labelling</li> </ol> <p>Or</p> <p>What are the factors affecting determination of the price of a product or service? Explain.</p>	6