

**CLASS XII
BUSINESS STUDIES
PRACTICE PAPER-1
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.**

Q1.	_____ is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability of performance. a) Decentralisation b) Supervision c) Delegation d) Direction	1
Q2.	Business environment differs from country to country, region to region as political conditions and cultures are different in different countries. Which feature of the business environment is being highlighted in the above statement? a) Uncertainty b) Relativity c) Dynamic d) Specific and general forces	1
Q3.	Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice	1

	of management. a) Control by exception b) Management by control c) Critical point control d) (b) and (c)	
Q4.	Which of the following is not an element of economic environment? a) Gross Domestic product b) Money supply in the economy c) Constitution of the country d) Monetary policy of the country	
Q5.	Which one is not correct in respect of delegation of authority? a) Increase in administrative work b) Development of subordinates c) Convenience in business expansion d) Possibility of quick and better decisions	1
Q6.	People in urban areas are extensively using organic food, bottled water and food supplements. It is an example of _____ environment. a) Legal b) Political c) Economic d) Social	1
Q7.	ATC services CEO Rajang Gopinath's compensation includes salary, commission and other allowances. The company also pays for his insurance and vacations. Identify one indirect payment being made by the company to the CEO. a) Salary b) Commission c) Allowances d) Employer paid insurance	1
Q 8.	Name the process by which a manager synchronises the activities of different	1

Q 9.	<p>departments.</p> <p>The manager should have the right to punish a subordinate for willfully not obeying orders but only after sufficient opportunity has been given to him/her for presenting his/her case.</p> <p>Identify the principle of management highlighted in the above statement.</p> <p>(a) Unity of command. (b) Discipline. (c) Authority and Responsibility. (d) Order.</p>	1
Q. 10	<p>“In a manufacturing organization, if the plans lay down 5% increase in labour cost as an acceptable range of deviation, then only increase in labour cost beyond 5% should be brought to the notice of the management for corrective action.”</p> <p>This is an example of :</p> <p>a) Management by exception b) Critical Point control c) Both a & b d) None of the above</p>	1
Q. 11	<p>Organisations having plans of expansion and diversification must adapt:-</p> <p>(a) Functional structure. (b) Divisional structure. (c) Both (a) and (b). (d) None of the above.</p> <p style="text-align: center;">OR</p> <p>_____ is a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.</p> <p>(a) Planning (b) Organising (c) Staffing (d) Controlling</p>	1
Q.12	<p>Which of the following statements is FALSE about Standards:</p> <p>(a) Standards should be simple and easy to understand both for short and for long term. (b) Standards should be achievable.</p>	1

	<p>(c) Standards should be set in precise qualitative terms.</p> <p>(d) Standards should be flexible enough to be modified when the need arises, in view of the changes taking place both in the internal as well as external business environments.</p>	
Q. 13	<p>Read the following text and answer question No.13-16 on the basis of the same:</p> <p>Manya Pvt. Ltd. wants to raise Rs. 5 crores for its new project. The company's management suggested options for the same. It hired the services of Akshit Ltd. a financial consultancy. It was decided that to meet urgent requirement of 1 crore of rupees, company will raise funds from financial institution. For remaining 2 crores, company will issue preference shares with the help of Underwriters. For the balance, a new issue of equity shares will be subscribed by inviting public. All these options were accepted by the Board of Directors.</p> <p>Identify the reason which has made the company to raise 1 crore rupees from financial institution.</p> <p>A. It is not expensive B. Quick source to raise funds C. Both A & B D. None of the above</p>	1
Q. 14	<p>Identify the method of raising funds through preference shares.</p> <p>A. Offer for sale B. Rights issue C. Private Placement of shares D. Offer through prospectus</p>	1
Q. 15	<p>"For the balance, a new issue of equity shares will be subscribed by inviting public." Identify the method of floatation of new issue taken up by the company.</p> <p>A. Offer for sale B. Rights issue C. E_IPO D. Offer through prospectus</p>	1
Q. 16	<p>After above cases, the total capital of Manya Ltd. is 10 crores rupees. The amount of debt is 5 crores of rupees. The company has earned a profit of rupees 3 crores. It's return on investment (ROI) for this year will be :</p> <p>A. 30 % B. 40%</p>	1

	<p>C. 20%</p> <p>D. 50%</p>	
Q17.	<p>Read the following text and answer question No. 17-20 on the basis of the same:-</p> <p>Apurw Ltd. is a company dealing in distribution of medical equipments. The company recently imported 20000 units of best quality Oxymetres to test the Oxygen levels with the help of a chip based machine, with the motive of profit maximization during Corona Pandemic. For deciding the marketing strategy, the General Manager of the company called a meeting of the marketing heads of different zones.</p> <p>In the meeting, Mr. Amol, the South Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, to explain its working to the hospital staff who would be using the machines.</p> <p>“In the meeting, Mr. Amol, the South Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, to explain its working to the hospital staff who would be using the machines.”</p> <p>Identify the element of Promotion mix being highlighted in the above lines:-</p> <p>(a) Personal Selling.</p> <p>(b) Advertising.</p> <p>(c) Sales promotion.</p> <p>(d) Public relation.</p>	1
Q. 18	<p>“For deciding the marketing strategy, the General Manager of the company called a meeting of the marketing heads of different zones.”</p> <p>Identify the function of marketing highlighted in the above lines:</p> <p>(a) Gathering and analyzing market information.</p> <p>(b) Product designing and development.</p> <p>(c) Marketing planning.</p> <p>(d) Standardization and grading.</p>	1
Q. 19	<p>Which component of marketing mix have not been discussed in the above case:-</p> <p>(a) Product.</p> <p>(b) Price.</p>	1

	(c) Place. (d) Promotion.	
Q. 20	<p>“The company recently imported 20000 units of best quality Oxymetres to test the oxygen levels with the help of a chip based machine, with the motive of profit maximization.”</p> <p>Which marketing philosophy have been adopted by Apurw Ltd.?</p> <p>(a) Production concept. (b) Selling concept. (c) Product concept. (d) Marketing concept.</p>	1
Q. 21	Identify the level of management whose basic task is to cooperate with other departments for smooth functioning and to find out the number of employees required for their department. State any 2 functions of the level of management identified.	3
Q. 22	Explain ‘apprenticeship training’ and ‘vestibule training’ and classify them as on-the-job and off-the-job methods of training.	3
Q. 23	<p>‘Controlling is an indispensable function of management.’ Do you agree? Give three reasons in support of your answer.</p> <p style="text-align: center;">OR</p> <p>Manu is appointed as a factory manager in a gel pen -manufacturing company. He was given a target of producing one lakh gel pens per month. He knew that the ‘essence of management is to achieve desired results’ but he does not know “how to ensure that the work goes on according to plans.”</p> <p>Guide him by explaining the process so that he is able to achieve the desired results.</p>	3
Q. 24	<p>Differentiate between Primary Market and Secondary Market. (any 3)</p> <p style="text-align: center;">OR</p> <p>Differentiate between Money Market and Capital Market. (any 3)</p>	3
Q. 25	Sandhya is a successful manager at Harison Enterprises. She has a team of 10 members working under her. She encourages them to set their own objectives and take decisions. She respects their opinions and supports them, so that they can perform their duties and accomplish organizational objectives. As an	4

	<p>intelligent manager, at times, she also makes use of positive aspects of informal communication. She listens to their suggestions, grievances and opinion of the members.</p> <p>Identify and explain the leadership style adopted by Sandhya.</p>	
Q. 26	<p>Briefly explain the positive and negative aspects of the type of communication which takes place within the official chain of command.</p> <p style="text-align: center;">OR</p> <p>Identify and explain the elements of directing mentioned below</p> <p style="padding-left: 40px;">a) Suraj, a managing director, declares share in the profits to the manager for their contribution to increase profits of the company.</p> <p style="padding-left: 40px;">b) Seema, a manager, has the ability to influence others to bring about a change in their behavior.</p>	4
Q. 27	<p>The workers of 'Garv Limited' are unable to work on new computerized 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 the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of the workers, can make them handle their work independently. Also, state any three benefits that the workers will derive by the decision of the supervisor.</p>	4
Q.28	<p>Explain any four factors that can affect the working capital requirement of a company.</p> <p style="text-align: center;">OR</p> <p>Explain any four factors that affect the choice of capital structure of a company.</p>	4
Q.29	<p>BKD is a leading consumer goods chain with a network of 34 stores primarily across North & North West Delhi. It was started by Pankaj in 2002. It has large market share in outer Delhi. Looking for an opportunity to expand, it has decided to open a new branch in South Delhi. 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, Vinod 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. Vinod, after assessing the cash flow position of the company, evaluated the cost of different sources of finance and compared the</p>	4

	risk associated with each source as well as the cost of raising funds. Explain the two financial decisions discussed in the above situation.	
Q.30	30. Explain the following rights of consumers provided by Consumer Protection Act, 1986:- (a) Right to Information (b) Right to Heard	4
Q. 31	Explain Unity of Command, Unity of direction, Discipline and Equity as principles of management given by Henri Fayol.	6
Q. 32	"If the project is important then more alternatives should be generated and thoroughly discussed amongst the members of the organisation." Identify and explain the step in process of planning being discussed above. Also explain the remaining steps which will have to be carried out to complete the process. OR "Planning is worth the huge costs involved." Do you agree with this statement? Explain any four reasons in support of your answer.	6
Q. 33	"Motto" is a leading mobile manufacturing company. It has, with the help of proper delegation, enabled the existence of proper workforce to take up leading positions in several challenging projects. The company has been in news for good reasons related with innovation. Due to proper delegation they have been able to properly define the relationships between superior and the subordinates at the various levels leading to the creation of a strong management structure Due to proper delegation there is no overlapping of duties and duplication of efforts as there is clarity of working relationship. The company is acting as a role model for other players in the industry. The productivity of the company has improved as it is very well organised. Specific jobs are done by specific employees resulting in increase in efficiency at per person level. The company is now a thinking of going Global and has recently opened a branch in Scotland however the conditions there are going to be different it is expected that keeping in mind the strong organising of the company. It will be able to modify its superiority there are also recently meeting is held by the top management it is decided that the company will go for a major shift in policy decision and involve the supervisory level of management in decision making as a size of the company is growing so, it will also require more participation from employees up to the supervisory level. (a) Identify the three points of importance of delegation highlighted above by	6

	<p>quoting the lines.</p> <p>(b) Identify the two points of importance of organising highlighted above by quoting the lines.</p> <p>(c) Identify and state the concept of management highlighted in the last para of the above case</p>	
Q. 34	<p>“Pricing of a product is an effective weapon in marketing which depends upon various factors.” Explain any three such factors.”</p> <p style="text-align: center;">OR</p> <p>“4 P’s of marketing are the four pillars of marketing” Explain briefly these elements of marketing mix.</p>	6