



S R SAMPLE PAPER 2

Class 12 - Business Studies

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers 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. A petrol pump needs to be managed as much as a hospital or a school. What managers do in India, the USA, Germany or Japan is the same. How they do it may be quite different. This difference is due to the differences in culture, tradition and history. Identify the characteristic of management highlighted above. [1]
 - a) Management is all pervasive
 - b) Management is a dynamic function
 - c) Management is multi-dimensional
 - d) Management is a goal-oriented process
2. An ideal Capital market is one: [1]
 - i. Where finance is available at a higher cost.
 - ii. Must provide insufficient information to investors.
 - iii. Where market operations are inconsistent.
 - iv. Which facilitates economic growth.
 - a) i and ii
 - b) only iv
 - c) ii and iii
 - d) iii and iv
3. Which one of the following is a step of planning? [1]
 - a) Analysis of environment
 - b) Analysis of employee morale
 - c) Analysis of employee behaviour
 - d) Analysis of organisation structure
4. _____ determines the overall cost of capital and the financial risk of the enterprise. [1]
 - a) Capital budgeting decision
 - b) Dividend decision
 - c) Financing decision
 - d) Investment decision
5. The controlling function aims to: [1]
 - i. Find out how far actual performance deviates from standards
 - ii. Find out how far standards deviate from actual performance

- iii. Initiate action by people in the organization
- iv. Improve job satisfaction and morale of the employee

- a) iv and i
- b) only i
- c) iii and iv
- d) only iv

6. Identify the principle of management followed in the following pictorial representation. [1]



- a) Scalar Chain
- b) Order
- c) Unity
- d) Equity

7. Educating the investor is the _____ function of SEBI. [1]

- a) Both protective and regulatory
- b) Regulatory
- c) Protective
- d) Developmental

8. Vinod is working as plant supervisor in Cargo Ltd. Noida. His place of work was changed to gurugram without any change in his position in the hierarchy, Identify the concept. [1]

- a) Promotion
- b) Transfer
- c) Training
- d) Lay off

9. Which of the following statements is false regarding financial management? [1]

- a) Aims at reducing the cost of funds procured.
- b) Facilitates price discovery for securities of company.
- c) Is concerned with optimal procurement as well as usage of finance.
- d) Aims at ensuring availability of enough funds whenever required.

10. **Assertion (A):** Formal organisation provides stability to the organisation. [1]

Reason (R): It places more emphasis on structure and work.

- a) Both A and R are true and R is the correct explanation of A.
- b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false.
- d) A is false but R is true.

11. If a company is already in a liquidity crunch and flotation costs of the issue would be high. What kind of instrument will be appointed for the money market? [1]

- a) Treasury Bill
- b) Commercial Bills
- c) Cash on delivery
- d) Commercial paper

12. Vikrant joins his father's business of Organic masalas, near Kotgarh in Himachal after completing his MBA. In order to capture a major share of the market, he decided to sell the product in small attractive packages by using the latest packaging technology. His father suggested that they hire financial consultants to estimate the amount of funds that would be required for the purpose and timings when it would be required. The concept being discussed by Vikrant's father, links which financial decision with the investment decision? [1]

- a) Financing decision
- b) Dividend decision
- c) Financial planning
- d) Capital structure decision

13. **Statement I:** Restrictive trade practice is a trade practice for the purpose of promoting sale, use or supply of any goods or service falsely represents its quality, standard, quantity, composition, style or model. [1]

Statement II: Unfair trade practice is a trade practice which manipulates price or affect the flow of supplies in the market relating to goods and services in such a manner that an unjustified cost is imposed on the consumer.

- a) Both the Statements I and II are correct.
- b) Both the Statements I and II are not correct.
- c) Statement II is correct and Statement I is not correct.
- d) Statement I is correct and Statement II is not correct.

14. In one of the steps in the process of planning, the manager is required to make certain assumptions about the future which are the base material upon which plans are to be drawn. Identify the step: [1]

- a. Setting objectives
- b. Developing premises
- c. Identifying alternative courses of action
- d. Selecting an alternative

- a) option (d)
- b) option (b)
- c) option (c)
- d) option (a)

15. Which of the following is not a tangible asset? [1]

- a) Offices
- b) Factories
- c) Machinery
- d) Trademarks

16. **Statement I:** The important decision areas under physical distribution include managing inventory (levels of stock of goods), storage and warehousing and transportation of goods from one place to the other. [1]

Statement II: Transportation involves physical movement of goods from one place to the other.

- a) Statement I is correct and Statement II is not correct.
- b) Statement II is correct and Statement I is not correct.
- c) Both the Statements I and II are not correct.
- d) Both the Statements I and II are correct.

17. **It involves application of high order thinking skills and intellectual faculties, involving vision and foresightedness to decide the things to be done in the future.** [1]

Which feature of Planning is stated in the above line?

- a) Planning is futuristic.
- b) None of these.
- c) Planning is pervasive.
- d) Planning is a mental exercise.

18. Match the example in column I with the function in column II: [1]

(a) Planning	(i) Matching outcomes with targets
(b) Organising	(ii) Objectives
(c) Directing	(iii) Resources for implementation
(d) Controlling	(iv) Supervision and motivation

- a) (a) - (iii), (b) - (ii), (c) - (i), (d) - (iv)
- b) (a) - (ii), (b) - (i), (c) - (iii), (d) - (iv)

- c) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i) d) (a) - (i), (b) - (ii), (c) - (iii), (d) - (iv)
19. What does high Debt Service Coverage Ratio indicates? [1]
- a) Low ability to issue preference shares b) Better ability to pay dividends
- c) Low ability to raise funds from the public d) Better ability to meet cash commitments
20. Controlling is a function which brings back the management cycle to: [1]
- a) Management b) Planning
- c) Organizing d) Directing
21. Paras Mining Industry owns and operates coal mines in different parts of the country. It employs thousands of workers who do this dangerous and potentially lethal job. Several miners contend with air filled with dust, develop asthma and other respiratory problems. Many times, fatal accidents take place due to insufficient safety measures. Garbage from the mines is often dumped in local rivers, which pollute the water bodies. Identify and state any two management objectives which are being ignored by Paras Mining Industry. [3]
22. Identify the Maslow's hierarchy need highlighted in the following cases: [3]
1. Autonomy status and prestige in the society help to satisfy this need.
 2. Motivators like pension plans and job security help to satisfy this need.
 3. This need is satisfied when one becomes what he is capable of becoming.
 4. These needs include need for food, shelter, clothing and basic necessities of life.
 5. Informal groups are often formed to satisfy this need.
 6. This need aims to get recognition and respect from others.
 7. This need aims to ensure that one will be able to meet the physiological needs in future also.
 8. Challenging jobs and opportunities for innovation help to satisfy this need.
 9. This need satisfies the need for love and social interaction.

OR

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, 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.

- a. From the above paragraph, quote lines that indicate formal and informal communication.
 - b. State any two features of informal communication.
23. Yatin has the option of taking a loan from his relatives and friends. These people have assured him to give a loan at a low-interest rate. So he decides to use debt as a source of financing his project. Now he goes to different relatives and friends to see if he can get a cheaper source of finance with an even lower rate of interest. Identify and state the factor highlighted above which affects the choice of the capital structure of a company. [3]
24. State any three points of importance of consumer protection from the point of view of business. [3]

OR

Gaurav is fond of packaged food drinks such as CocaCola, Pepsi, etc. One day he finds impurities in a bottle of Coca Cola that he bought by paying the required price. He consults his friend Nitin who advises Gaurav to file a case in consumer court. Gaurav files a case against the manufacturer, its bottler and distributor.

- i. Under which Act, Gaurav is entitled to file the case?
- ii. Suggest Gaurav the appropriate authority to file his complaint.
- iii. What relief can be sought by Gaurav?
25. What kind of strategic decisions are taken by business organizations? [4]
- OR
- Failing to plan is planning to fail. Explain with suitable examples.
26. Explain how controlling helps in **achieving better coordination** and **better planning**. [4]
- OR
- What are the factors to be kept in mind while setting standards?
27. 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 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. [4]
- Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.
28. Distinguish between authoritative and democratic leadership styles. [4]
29. Enumerate any one objective of setting up of SEBI. [4]
30. VOICE is an important consumer organization. It organized workshops in the months of December in Delhi/NCR for consumers. The theme was 'Organic Food - From Farm to Plate', to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food, that contains chemicals and pesticides to organic food. Expert speakers from the farmer's community explained the harmful effects of the usage of pesticides in farming and the importance of organic food. People were informed that the organization regularly tests samples to detect adulteration like the presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine 'Consumer Voice' to make people aware of the quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy. State the functions performed by the Consumer Voice for the protection and promotion of consumer interest by quoting lines from the above para. [4]
31. In an interview with a leading news channel, Mr. Mukesh Singh, CEO of **Naukri.com** has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process of applying for jobs easier and candidate friendly. It is for this reason, he said, that most progressive companies today have a short application process. He also said that the application form filled by the candidate is very important as it is the information supplied in the application forms, which helps the manager in eliminating unqualified or unfit job seekers. The company can create a mechanism that attempts to measure certain characteristics of individuals like aptitude, manual dexterity, and intelligence to personality. The candidate may then be called for an in-depth conversation to evaluate their suitability for the job. [6]
- a. Name the process and steps in the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above.
- b. Also explain the next three steps in the process which can be subsequently performed by the company.
- OR
- Prashant, the Director of a company, is planning to manufacture rugs for utilizing waste materials from one of his

garment factories. He decided that this manufacturing unit will be set-up in a rural area so that people of that area will have more job opportunities. For this, he wanted four different heads for Sales, Accounts, Purchase and Production Departments. He decided that one of them will be a differently-abled person, another from a minority community and one from a disadvantaged section of society. He gave an advertisement in the newspaper for the above vacancies.

- a. Identify and state the next three steps Prashant has to follow in the staffing process after advertising for the above vacancies.
- b. Identify any two values that Prashant wants to communicate by setting up this manufacturing unit.

32. Often it is observed that some political parties of a country are in favour of giving a lot of freedom to business while some are apposed to this view. When General Elections are approaching in a country the impact of this approach of the political parties can be seen on the Share Market. For example, General Elections are about to take place in a country, and the general view of the people is that the political party having a positive approach to business will come into power. As a consequence of this news the rates of shares in the Share Market will rising. In the paragraph given above of one particular feature and two Dimensions of Business Environment have been described. Identify them. [6]

OR

India's craft heritage is surviving because of its customs and traditions. Craft products made by craftsmen of Rajasthan, Gujarat, Assam, etc. are not only used in the country but are also exported to the USA, Germany, UK, France and other countries of the world. The volume of exports of these products gives India an advantage in the balance of payments and the much needed foreign exchange. The Prime Minister desires that the handicraft industry should be expanded by linking it with technology. The focus should be on changing the manufacturing process, ensuring durability and adopting innovations.

Quoting the lines from the above paragraph, explain any four dimensions of the business environment.

33. As the head boy and head girl of Trakashay Public School', Deepak Chugh and Deepika Chawla have been given the responsibility of hosting the Teacher's Day programme in the school. In order to conduct the programme in a systematic way, Deepak and Deepika first called a meeting of the student council. In the meeting, they decided about the content of the programme after taking into consideration the different available alternatives and choosing the best alternative among them. Then the various tasks required to be performed were identified and divided in accordance with a predetermined schedule made by them. After that, they grouped the similar activities into main groups as skit group, choir group, instrumental music group and contemporary dance group. Then each group was placed under the charge of a council member in accordance with his/her skills and competencies. These council members were in turn informed that they have to take orders and will be accountable only to Deepak and Deepika so as to facilitate coordination amongst various groups. [6]

In the context of the above case:

- a. Identify and explain the functions of management is discussed.
- b. Describe briefly any two points highlighting the importance of each of the functions of management as identified in part (a) of the question.
- c. State any two values that 'Prakashay Public School' wants to communicate to society.

34. Advertisement is an important business activity. On the one hand, it makes available to the people information regarding different new and old products and on the other, it is also a source of living for many persons. Impressed by these traits of advertisement Tanu, Manu and Sanchit, three students of Class-XII made up their mind to go ahead with project work on an advertisement. All the three conversed with the people about [6]

advertisement. Each one of them, on the basis of his survey, concluded as under:

- i. Tanu opined that advertisement costs get transferred to consumers in the form of high prices.
- ii. Manu was of the opinion that advertisement showed reality in a twisted form.
- iii. Sanchit maintained that advertisement was turning people from reality to artificiality.
 - a. What do the above remarks about advertisement hint at? Clarify it.
 - b. Identify two values that advertisement presents to society.

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