

BHARATIYA VIDYA BHAVAN'S V.M.PUBLIC SCHOOL, VADODARA  
SESSION 2017-18  
Sample Paper 3

Class : XII Commerce  
Subject : Business Studies

Max Marks: 80  
Time Allotted: 3 hrs

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Instructions:

- Question numbers 1 to 8 carry 1 mark each  
Question numbers 9 to 13 carry 3 marks each  
Question numbers 14 to 19 carry 4 marks each  
Question numbers 20 to 22 carry 5 marks each  
Question numbers 23 to 25 carry 6 marks each
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1. What did Taylor want to communicate through mental revolution? 1
2. What is meant by span of management? 1
3. Super Fine Rice Ltd. has the largest share of 55% in the market. The company's policy is to sell only for cash. In 2015, for the first time company's number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on its previously tried and tested successful plans which didn't work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in its sales. Identify these limitations 1
4. Why is it said that directing takes place where ever superior subordinate relationship exists? 1
5. When is financial leverage favourable? 1
6. ABC Ltd. issued prospectus for the subscription of its shares for `500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ` 5 crores and banned its three executive directors for dealing in securities market for three years. Identify the function and its type performed by SEBI in the above case. 1
7. Ronit Raj, a marketing manager is a patient of diabetes for which he takes medicines regularly. One day, on his tour to Patna, he met with an accident and was hospitalised. Due to doctors' negligence a delicate nerve of his right leg was cut rendering him crippled throughout his life. Identify the consumer right that has been violated by the doctors under the Consumer Protection Act, 1986 in the above situation. 1
8. Sirajuddin purchased a car for `15 lacs from an automobile company and found that its airbags were defective. After many complaints with the company that went unheard, he filed a case in the District Forum. He was not satisfied with the orders of the District Forum. He then appealed before the State Commission and on being dissatisfied with the orders of State Commission, he appealed before the National Commission. Sirajuddin was not satisfied with the orders of National Commission.  
Suggest him the highest authority where he could appeal against the decision of the National Commission. 1
9. State the main aspects in the concept of planning? 3

10. How does controlling help in “Judging accuracy of standards” and “Ensuring order and discipline.” 3

11. M/s Beta Ltd. deals in consumer goods. It employs 100 workers and 10 operative managers who give guidance and support to the workers while operating the machinery. The company has a policy of granting leave as per the requirement of the workers. Workers are generally granted leave on festivals and special occasions. Recently on Puja festival, it received a big order. Workers are keen to take Puja holidays while management is pressing hard for overtime. This matter was placed before the Personnel Manager who called the meeting of operative managers and workers to inform them about the changes in the incentive plan which states payment of double wages for working overtime and triple wages for working on holidays. Workers without any pressure voluntarily took limited holidays and were able to increase their earning by working overtime and on holidays. During Board of Directors meeting, Personnel Manager was asked to update the management for achieving higher output, meeting timely supplies without any confrontation with workers. Personnel Manager replied, “I just used a carrot with no sticks approach”.

By quoting the lines from above paragraph state any two elements of directing. 3

12. Money market is essentially a market for short-term funds. In the light of this statement, state any three features of money market. 3

13. “Grahak Shakti”, an N.G.O. organized a workshop to discuss various issues relating to consumers. During the discussion, one of the members drew attention towards exploitation of consumers due to defective and unsafe products, adulteration, black marketing, hoarding etc. To this another member argued that consumers themselves are responsible as they do not raise collective voice against the exploitation. The Chairperson of the organization was of the opinion that it was also the duty of the businessman to take care of the interests of various stakeholders. Business organizations earn money by selling goods and services to consumers. So the interests of the stakeholders have to be well taken care of.

(a) State three points that highlight the need for consumer protection as discussed in “Grahak Shakti”'s workshop”. 3

14. State any four functions of operational management. 4

15. Ramdas, aged 49 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Kanaputti. Ramdas 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 Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person Nagarjuna, aged 33, was appointed by Kanaputti.

Nagarjun“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, Kanaputti noticed the tension developing between the 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 Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjun. Kanaputti 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.

a) Identify and state the step of organizing process which has not been carried out properly and contributed to this problem.

b) State the two steps of the organizing process which have been taken by Kanaputti to respond to the complaint of Ramdas.

c) Also state two points of importance of organizing as reflected in the above case. 4

16. Human Resource Management includes many specialized activities and duties which the human resource personnel must perform. In the light of this statement, explain any four such duties performed by Human Resource Manager. 4

17. Resolutions Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand.

Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers.

a) Name and explain the step of staffing process which has not been performed properly.

b) State the next two stages immediately following the step identified in part "a"

18. "Unicon Securities Pvt. Ltd" was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, were not transferred to their Demat Accounts by „Unicon securities Pvt. Ltd“ . The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective Demat Accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers to their Demat Accounts. This eroded investors' confidence and multiplied their grievances.

a) Identify the step of trading procedure in a stock exchange which has not been followed by „Unicon Securities Pvt. Ltd“ .

b) Name the Apex statutory body of capital market to whom customer can complain to redress their grievances.

c) Write two values not followed by Unicon Security Pvt. Ltd. 4

19. "Time Line" watch manufacturing company is a renowned company marketing watches. It performs various activities like, market analysis, product designing or merchandising, packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow up activities. This helps the company in procuring repeat sales orders.

(a) Name the concept related to the activities mentioned in the above paragraph.

(b) Explain any two features of the concept identified in part (a). 4

20. Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested

them to first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.

- (i) Identify and state the component of business environment highlighted in the above Para.
- (ii) State any two features of business environment as discussed by Professor Mehta with Naman and Govind.
- (iii) Also state two points of importance of business environment as stated by Professor Mehta in the above situation.

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21. „Shan Spices Ltd.“ are the manufacturer of different food specific spices like Rajmaa Masala, Cholley Masala, AalooParantha Masala etc. Mr. Raghav, the owner of the company has created different departments for purchase, production, marketing, finance and human resource. There are thirty employees working in the organisation. Planning is of paramount importance to the company as Mr. Raghav believes that effective planning leads to achievement of organisational objectives. So in order to make employees focus on objectives, he issued instructions that during working hours only official matters will be discussed. He made certain rules and code of conduct for the employees to follow, according to which employees are not allowed to visit and talk to the employees of other departments except for official work. He emphasised on work performance which resulted in smooth functioning of the organisation.

- a) Identify and state the type of organisation mentioned in the above para.
- b) State one feature of the concept identified in part (1) as mentioned in the above para.
- c) What was the purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments?
- d) State two values violated by Mr. Raghav.

5

22. Describe briefly „Maslow“s need hierarchy theory“ of motivation?

5

23. Briefly explain work study techniques that help in developing standards to be followed throughout the organization.

6

24. A business that doesn“t grow dies“, says Mr. Shah, the owner of Shah Marble Ltd. with glorious 36 months of its grand success having a capital base of `80 crores. Within a short span of time, the company could generate cash flow which not only covered fixed cash payment obligations but also create sufficient buffer. The company is on the growth path and a new breed of consumers is eager to buy the Italian marble sold by Shah Marble Ltd. To meet the increasing demand, Mr. Shah decided to expand his business by acquiring a mine. This required an investment of `120 crores. To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%). Mr. Seth also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also apprised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax deductible expense for computation of tax liability.

After due deliberations with Mr. Seth, Mr. Shah decided to raise funds from a financial institution.

- a) Identify and explain the concept of Financial Management as advised by Mr. Seth in the above situation.

b) State the four factors affecting the concept as identified in part „a“ above which have been discussed between Mr. Shah and Mr. Seth. 6

25. „Coconut Joy Ltd.“ are the manufacturer of vegetarian frozen dessert food products made with coconut milk, agave syrup and other certified ingredients. The founders of the company Lovely and Lalita originally developed this treat to meet their own needs but found that their friends and families around were also keen to use the products. It was not only the vegetarians, but also those who could not get enough environment friendly sustainable food, that appreciated the product.

It did not take long for Lovely and Lalita to recognise the potential of their little venture. In the beginning they started from their home with the product being sold through local family parties that enable guests to personally meet the owner. This helped to establish strong connections with the prospective buyers and the company could put the product on shelves of natural food store. The company used all marketing activities to grow and expand. The company began sponsoring booths at festivals, drawing attention to its newly created vegetarian products. It also disseminated relevant information to media about its products and the people who helped in building the company’s reputation. Lovely and Lalita were invited for an interview with one of the leading TV channels in which they talked about their environment friendly vegetarian products. To show its gratitude to customers, local business and government officials who supported the company from the beginning, „Coconut Joy Ltd.“ hosted a gala event and involved all of them to raise funds for a few local NGO’s. The company also asked its fans and customers to send songs and poetry conveying their impression about „Coconut Joy’s Ltd.“ products.

(a) Identify and explain the communication tool used by „Coconut Joy Ltd“.

(b) Briefly explain the role of the tool identified in „a“ above. 6

Ms. Tasneem Hotelwala