

COMMON PRE-BOARD EXAMINATION 2017-18

BUSINESS STUDIES

Time allowed:3 Hours

M. Marks:80

General Instructions:

1. Please check that this question paper contains 5 pages.
2. Code number given on the right hand side of the question paper should be written on the title page of the answer- book by thee candidate.
3. Please check that this question paper contains 25 questions.
4. Please write down the Serial Number of thee question before attempting it.
5. 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m. the students will read the question paper only and will not write any answer on the answer-book during this period.
6. Answers to questions carrying 1marks may be from one word to one sentence.
7. Answers to questions carrying 3 marks may be from 50-75.
8. Answers to questions carrying 4-5 marks may be about 150 words.
9. Answer to questions carrying 6 marks may be about 200 words.

1. Veekay Limited is a renowned multiplex operator in India. Presently, it owns 234 screens in 45 properties at 20 locations in the country. Considering the fact that there is a growing trend among the people to spend more of their disposable income on entertainment, two years back the company had decided to add more screens to its existing set up and increase facilities to enhance leisure, food chains etc. It had then floated an initial public offer of equity shares in order to raise the desired capital. The issue was fully subscribed and paid. Over the years, the sales and profits of the company have increased tremendously and it has been declaring higher dividend and the market price of its shares has increased manifolds. 1

Name any one financial decision taken by the company by quoting lines from the paragraph.

2. Give 2 examples of Semantic barrier for an effective communication. 1
3. Storage Solutions Limited is a large warehousing network company operating through a chain of warehouses at 40 different locations across India. The company now intends to undertake computerisation of its owned warehouses as it seeks to provide better value added and cost effective solutions for scientific storage and preservation services to the market participants dealing in agricultural products including farmers, traders, etc. 1

In context of the above case how is the decision to undertake computerisation of owned warehouses likely to affect the fixed capital requirements of its business.

4. “Each course will have many variables which have to be weighed against each other”. Mention the step in planning which ensures this. 1
5. 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 be achieved during the coming month. A sales target is pre-determined for each month which is mutually agreed by both Yash and his sales team. If the salesmen succeeds in reaching this target a bonus is paid out to all of them along with the monthly salary. 1

From the above paragraph

- a) Identify the style of leadership adopted by Yash?
6. ITC contributes Rupees 1 crore on the sale of every four classmate notebooks to its rural development initiative that supports, among other projects, primary education in villages. It uses eco-friendly and chlorine free paper for the production of its notebooks. 1
- a) Identify the management objective which ITC is trying to achieve.
7. The SEBI has imposed a penalty of Rupees 7,269.5 crore on Pearls Agrotech Corporation Limited and its four directors- Tarlochan Singh, Sukhdev Singh, Gurmeet Singh and Subrata Bhattacharya who had mobilised funds from the general public through illegal collective investment schemes in the name of purchase and development of agriculture land. While imposing the penalty, the biggest in its history, Securities and Exchange Board of India said the company deserved “maximum Penalty” for duping the common man. Its Prevention of Fraudulent and Unfair Trade Practices Regulations provides for “severe to severe penalties” for dealing with such violations. As per SEBI norms, it can impose a penalty of Rupees 25 crore or three times of the profit made by indulging in fraudulent and unfair trade practices and in the present case, the regulator has imposed a fine equivalent to three times of the illicit gains. 1

From the above lines:

State any two objectives of setting up SEBI.

8. Anjali purchased a machine for Rupees 1.5 crore from a company and found it defective. Defect was not rectified in spite of repeated complaints to company. Suggest to him the appropriate authority where he could file a complaint under Consumer Protection Act, 1986. 1
9. Rastro Incorporation is a multinational corporation that creates consumer electronics, personal computers, servers and computer software. The company also has a chain of retail stores known as Rastro Stores. Despite high competition, Rastro has succeeded in creating demand for its products, giving the company power over prices through product differentiation, innovative advertising and ensured brand loyalty. 3
- a) Identify the component of promotion mix being used by the company by quoting lines from the paragraph.

b) What is product differentiation?

c) Name any one function of marketing that facilitates product differentiation.

10. 'Anshwetha' is a company enjoying market leadership in the food brands segment. Its portfolio includes three categories in the Foods business namely Snack Foods, Juices and Confectionery. Keeping in line with the growing demand for packaged food it now plans to introduce Ready-To-Eat foods. Therefore, the company has planned to undertake investments of nearly Rupees 450 crores for its new line of business. As per the current financial report, the interest coverage ratio of the company and return on investment is higher. Moreover, the corporate tax rate is high. 3

As a financial manager of the company, which source of finance will opt for debt or equity, to raise the required amount of capital? Explain floatation cost and stock market condition as a factors affecting the choice of capital structure.

11. The monthly production target of a company for the year 2015 was 5000 units. The Production Manager had two supervisors under him. He gave them the task of maintaining the daily production statements so that they can easily identify whether the work is going in the right direction or not. The Production Manager had weekly meeting with the Supervisors to know about the deviations, if any and to decide the future course of action. Since, the supervisors had one to one interaction with the workers daily, so the production manager always took into consideration the suggestions given by the Supervisors. 3

Explain the importance of Supervision.

12. Ms. Sadhna went to purchase an electric rod. In a bid to save Rupees 500, she bought a rod without the standardisation mark. She also did not bother to take a cash memo from the seller. Later on, mishandling the product, she suffered injuries due to electric shock. 3

List the consumer responsibility that Sadhna has violated.

13. Explain the features of motivation 3
14. State and explain any two importance of Business Environment. 4
15. Explain the importance of consumer protection from the point of view of business. 4
16. Packaging is an important factor in the success of products like Maggie's Noodles and Uncle Chips. As such packaging performs a number of functions in the marketing of goods. 4

State and explain the functions of packaging .

17. Explain any four functions of Financial Market. 4
18. Deepak is working as a senior legal consultant in Ambika Limited and earning Rupees 2 lakh per month. Some additional facilities are also given by the company. His basic needs are best 4

satisfied and job is on permanent basis. The company also pays pension after the retirement. But still, in spite of all this, Deepak is not satisfied with his life and feels that something is missing. He experiences roughness and dullness in his life.

According to Maslow's Need Hierarchy, which needs are still to be satisfied and how an organisation can satisfy those needs. (Draw diagram)

19. Jack Limited is a one of the largest two-wheeler manufacturer in India. It has a market share of about 42% in the two wheeler category. The company had witnessed almost a 35% drop in the booking as the currency crunch was prompting people to withhold new purchases due to demonetisation. Therefore, the production manager of the company had decided to align production to factor in slower sales in the market. 4

From the above paragraph:

- a) Identify and explain the function of management being discussed.
- b) Which limitations of the function of management as identified in part (a) of the question was the production manager trying to overcome due to demonetisation?

20. Explain the following as factors affecting the Dividend Decision: 5

- a) Stability of Dividends
- b) Growth Opportunities
- c) Taxation Policy
- d) Stock Market Reaction
- e) Access to capital market.

21. Control should focus on key result areas which are important to the success of an organisation. 5
Some deviations in performance can be expected in all activities. It is therefore important to determine the acceptable range of deviations. Deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas.

State and explain the two methods that are used by a manager in Key result areas for the success of an organisation.

22. The CEO of XYZ Limited had a firm belief in teamwork, where the members of the company 5
should work towards fulfilling the common organisational goals. He gave more emphasis on teamwork and integration of efforts of all individuals, departments and specialists. He gave important to reconciliation of individual as well as departmental differences and creating a work environment which enables all its members to grow and develop to their maximum capacity.

- a) Identify the concept of management discussed here.
- b) State any four features of the concept given in (a)

23. Kumar Industries is a company manufacturing office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important many alternatives were garnered for the purpose and were thoroughly discussed amongst the members of the organisation. After evaluating the various alternatives, Suresh, the Manager Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity. 6

- a) Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer.
- b) State any four limitations of this framework.

24. Explain : 6

- a) Class room Lectures
- b) Apprenticeship Programmes
- c) Job Rotation
- d) Vestibule Training
- e) Programmed Instruction
- f) Internship Training

25. Raj and Simran are both qualified eye surgeons and good friends. After obtaining a certificate of practice, they decided to pursue a career of their own choice. Raj starts an eye care centre in the city whereas Simran joins a government hospital in a small village. They meet after a long time in a party. Raj invites Simran to visit his eye care centre and she accepts his invitation. She observes at his clinic that there is a fixed place for everything and everyone and it is present there so that there is no hindrance in the activities of the clinic. Also, Raj always tends to replace 'I' with 'We' in all his conversations with the staff members. Later on Raj shares with her that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes. 6

- a) Identify and explain the three principles of management that Raj is applying for the successful management of his eye care centre.
- b) List any two values that Simran wants to communicate to the society by taking up a job in a village.