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Code Number: 54/2



**INDIAN SCHOOL MUSCAT  
FIRST PRELIMINARY EXAMINATION 2017  
BUSINESS STUDIES**

CLASS: XII

Sub. Code: 054

Time Allotted: 3 Hrs

17.12.2017

Max. Marks: 80

**General Instructions:**

- (i) All questions in both the sections are compulsory.
- (ii) Marks for questions are indicated against each question.
- (iii) Questions Nos. 1 – 8 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- (iv) Questions Nos. 9 – 13 are short answer questions carrying 3 marks each. Answers to them should normally not exceed 50 – 75 words each.
- (v) Questions Nos. 14 – 19 are also short answer questions carrying 4 marks each. Answers to them should normally not exceed 150 words each.
- (vi) Question Nos. 20 – 22 are long-answer questions carrying 5 marks each. Answers to them should normally not exceed 150 words each.
- (vii) Question Nos. 23 – 25 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed 200 words each.
- (viii) Answers should be brief and to the point and the above word limits should be adhered to as far as possible.

1 Define 'organising' as a function of management. 1

2 Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share 1  
from 30% to 55% in the long run. A recent report submitted by the Research & Development  
Department of the company had predicted a growing trend of herbal and organic products. On  
the basis of this report the company decided to diversify into new variety of soaps with natural  
ingredients having benefits and fragrances of Jasmine, Rose, Lavender, Mogra, Lemon Grass,  
Green Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-  
friendly living in the contemporary life style. The company decided to allocate Rs.30 crores to  
achieve the objective.

Identify the type of one of the functions of management mentioned above which will help the  
company to acquire dominant position in the market.

- 3 What is meant by “single use plan”? 1
- 4 “Recruitment’ is one of the specialized activity performed by human resource management. 1  
Mention any two other specialized activities of human resource management.
- 5 ABC Ltd. issued prospectus for the subscription of its shares for Rs.500 crores in 2008. The 1  
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 Rs.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.
- 6 What do you mean by price rigging? 1
- 7 Name the marketing function which is concerned with the important decision of managing 1  
inventory.
- 8 A Pharmacy Co. doesn’t provide information for the expiry date on the packet of his drug. 1  
This manufacturer violates which value?
- 9 Crackers Ltd., a fire cracker manufacturing company launched some new products on eve of 3  
Diwali which attracted many buyers. To meet the increased demand, the company employed  
children from nearby villages. Although the product was in great demand, appropriate safety  
warnings were not mentioned on the packets that led to many accidents.  
(i) Identify and explain the important product related decision that was not taken into  
consideration by the company.  
(ii) Also, identify any two values which were violated by the company.
- 10 You are the Financial Manager of a newly established Company. The Director have asked you 3  
to determine the amount of Working Capital requirement for the Company. Explain any  
factors that you will consider while determining the Working Capital Requirement of the  
Company.
- 11 Vinod The Human Resource Manager, Umesh The Assistant manager and Ashok The 3  
Marketing Head of Hitashi Enterprises Ltd. decided to leave the company. The Chief  
Executive Officer of the company called the Human Resource Manager, Vinod and requested  
him to fill-up the vacancies before leaving the organization. Vinod suggested that his

subordinate Rajesh is very competent and trustworthy. If he could be moved up in the hierarchy, he would do the needful. The Chief Executive Officer agreed for the same. Rajesh contacted 'Zenith Recruiters' who advertised for the post of marketing head for 'Hitashi Enterprises Ltd.'. They were able to recruit a suitable candidate for the company. Umesh's vacancy was filled-up by screening the database of unsolicited applications lying in the office.

a. Name the internal/external sources of recruitment used by 'Hitashi Enterprises Ltd.' to fill-up the above stated vacancies.

b. Also, state any one merit of each of the above identified source of recruitment.

12 'Ekta Motors' had set an objective of selling 1200 cars per year. Mrs. Chawla is the Managing Director of this organisation. With a view to achieve this objective, she worked hard to formulate plans. But at the end of the year it came to light that hardly 870 cars could be sold. She compared the expected and actual results and began to seek the causes of this deviation. She arrived at the conclusion that the goodwill of the organisation had suffered because of the negligence of the Service Division. She then took a firm decision to improve the performance level of the service division at all costs. 3

(a) Identify the function of management mentioned above.

(b) State its importance.

13 Discuss the relationship between planning and controlling. 3

14 Suhasini, a home science graduate from a reputed college, has recently done a crockery course. She wished to start her venture with a goal to provide a 'health food' at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business adventure, they short listed the option to sell readymade and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighted the pros and cons of both the short listed options. 4

(a) Name the function of management being discussed above.

(b) Also briefly discuss any three limitations of the function discussed in the case.

15 Discuss the responsibilities that a consumer should keep in mind while purchasing, using and consuming goods and services. 4

16 'Panda Trucks Ltd.' decided to set-up its new truck manufacturing factory in the backward area of Bihar where very less job opportunities were available. People of that area welcomed this effort of 'Panda Trucks Ltd.'. To attract people to work in its factory it also decided to provide many other facilities like school, hospital, market etc. in the factory premises 'Panda Trucks Ltd.' started earning huge profits. Another competing company asked its production manager 'Sanjay' to investigate the reasons of earning huge profits by 'Panda Trucks Ltd.'. Sanjay found out that in both the companies there was systematic co-ordination among the various activities to achieve organizational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organization communication took place only through the scalar chain, whereas 'Panda Trucks Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback. 4

a. Identify the type of organization which permits 'Panda Trucks Ltd.' the flow of communication in all the directions.

b. State an advantage of the type of organization identified in (a) above.

c. State any two values which 'Panda Trucks Ltd.' wanted to communicate to the society.

17 'K.S. Energy Ltd.' was a energy efficiency consultancy company. To get the business the team leader and his team used to travel to different states to give presentation to their 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 at times forced female team members to travel alone. As a result, the subordinates were not acting in a desired manner to achieve organizational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and changed the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilize the travelling time in discussion with the subordinates 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. 4

State the features of the element of the function of management used by the CEO.

18 Mr. Aditya Gupta was the chairman of 'Vandan Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their 4

shares was also steadily rising. The bank announced taking over of 'Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Nimesh and asked him to invest Rs 6 crores in the shares of his bank promising him the capital gain. As expected, the share prices went up by 40% and the market price of Nimesh's shares was now Rs 8.4 crores. He had earned a profit of Rs 2.4 crores. He gave Rs 1.2 crore to Mr. Aditya Gupta and kept Rs 1.2 crore with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Aditya Gupta. By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.

- 19 State any four methods of floatation of new issues in the primary market. 4
- 20 Explain any five rights of a consumer. 5
- 21 Yash is working in a multinational company in Noida. He was running temperature for the last many days. When his blood was tested, he found positive for chickengunia. He was admitted in the 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 immediate superior 'Vineet'. Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for Yash. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.
- a. From the above para quote lines that indicate formal and informal communication.
- b. State any two features of informal communication.
- c. Identify any two values that are being communicated by Vineet to the society.
- 22 Shalini, after acquiring a degree in Hotel Management and Business Administration took over her family food processing company of manufacturing pickles, jams and squashes. The business was established by her great grandmother and was doing reasonably well. However the fixed operating costs of the business were high and the cash flow position was weak. She wanted to undertake modernization of the existing business to introduce the latest manufacturing processes and diversify into the market of chocolates and candies. She was very enthusiastic and approached a finance consultant, who told her that approximately Rs.50 lakhs would be required for undertaking the modernization and expansion programme. He also informed her that the stock market was going through a bullish phase. 5

(a) Keeping the above considerations in mind, name the source of finance Shalini should not choose for financing the modernization and expansion of her food processing business. Give one reason in support of your answer.

(b) Explain any two other factors, apart from those stated in the above situation, which Shalini should keep in mind while taking this decision.

23 State the semantic barriers to communication in an organization. 6

24 A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not a fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work. 6

(a) Identify the functions of management discussed above.

(b) State the two steps in the process of each function discussed in the above para.

(c) List any two values which the company wants to communicate to the society.

25 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discount to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales. 6

The above Para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables.

**End of the Question Paper**