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Code Number 54 / 3



**INDIAN SCHOOL MUSCAT
THIRD PRELIMINARY EXAMINATION
BUSINESS STUDIES**

CLASS: XII

Sub. Code: (054)

Time Allotted: 3 Hrs

12.02.2018

Max. Marks: 80

General Instructions:

1. All questions are compulsory.
2. Marks are indicated against each question.
3. Answers to questions carrying 1 mark may be one word to one sentence.
4. Answers to questions carrying 3 marks may be from 50 to 75 words.
5. Answers to questions carrying 4-5 marks may be 150 words.
6. Answers to questions carrying 6 marks may be in 200 words.

- 1 “Mr. Ramesh after completing his MBA joined his father’s business. He analysed the situation and applied his educational knowledge according to the prevalent conditions. As a result, the turnover of his father’s business doubled in a span of six months.” Identify the objective of management displayed here. 1
- 2 What are Planning premises? 1
- 3 Identify the element of Directing that aims to influence the behavior of people to strive them willingly for the achievement of group goals. 1
- 4 What is meant by ‘Noise’ in communication process? 1
- 5 What is meant by Interest Coverage Ratio? 1
- 6 State giving reason, whether the working capital requirement of a Designer Boutique will be high or low. 1
- 7 SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access allegations at the Exchange’s Co-location facility. State the function that SEBI performed by doing so. 1
- 8 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 doctor’s 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
- 9 Define ‘Directing’. Explain how directing helps in effective and efficient functioning of the organization. 3

- 10 Kiran Industries is a company dealing in 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 generated for the purpose and were thoroughly discussed amongst the members of the organization. After evaluating the various alternatives, Sukhvinder, the Managing Director of the company, decided that they should add 'Home Interiors and Furnishings' as a new line of business activity. 3
- (a) Name the framework, which the diversified organization should adopt, to enable it to cope with the emerging complexity? Give one reason to support your answer.
- (b) State any one limitation of this framework.
- 11 Tata International Ltd. earned a net profit of Rs 50 crores. Ankit, the Finance Manager of Tata International Ltd. wants to decide how to appropriate these profits. Discuss any three factors which will help him in taking this decision. 3
- 12 Malaysian budget airline group Sky Europe announced discounted fares, starting as low as Rs.1,099 for domestic destinations operated by its Indian Joint Venture carrier and Rs.2,099 for international flights operated by other group airlines under a limited period offer. 3
- (a) Identify the medium of communication which can be used by the firm to inform a large number of people about the new fares.
- (b) Also, state any two merits of the communication tool, apart from the one discussed above.
- 13 Reena purchased one litre of pure Desi Ghee from a shopkeeper. After using it she had a doubt that it is adulterated. She sent it to a laboratory test which confirmed that the Ghee is adulterated. State any three reliefs available to Reena, if she complains and the consumer court is satisfied about the genuineness of the complaint. 3
- 14 Discuss any four features of Planning. 4
- 15 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. The 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 plans which states payment of double wages for working overtime and triple wages for working on holidays. 4
- 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 carrot with no sticks approach."
- By quoting lines from the above paragraph state and explain any two elements of Directing.
- 16 Mission Coach Ltd. is a large creditworthy company that manufactures for the Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi tech machines. Since the investment is large, it requires long term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market. 4
- (a) Name and explain the money market instrument the company can use for the above purpose.

- (b) What is the duration for which the company can get funds through this instrument.
- (c) State any other purpose for which the instrument can be used.

- 17 Explain any four important elements of marketing mix. 4
- 18 Arvind is planning to start a company manufacturing room fresheners. He intends to use natural fruit extracts for adding fragrance to them. He estimates an investment of Rs.20 crore to set up the factory. As it is difficult for him to raise the entire capital amount alone, he gives a partnership offer to his school friend Sanjay who is an angel investor. Sanjay after being convinced about the feasibility of the project, accepts his offer. Sanjay tells Arvind that he should also focus on other important decisions related to the product 'room freshener' besides deciding about its features, variety and quality. Branding is one of the important such decision. 4

In the context of the above case:

- (a) Name any other important decisions related to a product.
 - (b) Why is branding considered as an important function by the marketers? Give any one reason in support of your answer.
 - (c) State any two features of a good brand name.
- 19 Make in India is an initiative launched by the Government of India to encourage national and multinational companies to manufacture their products in India. It focuses on job creation and skill enhancement and is in twenty five sectors of the economy. Under the initiative, brochures on these sectors and a web portal was released. The initiative aims at high quality standards and minimizing the impact on the environment. It also seeks to attract foreign capital investments in India. 4
- In context of the above case :-
- (a) Identify the various dimensions of business environment being referred to by quoting lines from the paragraph.
 - (b) List any two values which the government of India wants to convey through this initiative.
- 20 Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. 5
- On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.
- In context of the above case identify and the various features of management highlighted in the above paragraph by quoting lines from it.

- 21 'A good control system helps an organisation in the many ways.' Discuss 5
- 22 Well-being Ltd. is a company engaged in production of organic foods. Presently, it sells its products through indirect channels of distribution. But, considering the sudden surge in demand of organic products, the company is now inclined to start its online portal for direct marketing. The financial managers of the company are planning to use debt in order to take advantage of trading on equity. In order to finance its expansion plans, it is planning to raise a debt capital of Rs.40 lakhs through a loan @10% from an industrial bank. The present capital base of the company comprises of Rs.9 lakh equity shares of Rs.10 each. The rate of tax is 30%.
In the context of the above case:
(a) State any one condition necessary to take advantage of trading on equity.
(b) Assuming the expected rate of return on investment to be same as it was for the current year i.e. 15%, do you think the financial managers will be able to meet their goal. Show your workings clearly. 5
- 23 "Put simply, decentralization refers to delegation of authority throughout all the levels of the organization." In the light of the above statement give the meaning of and difference between Delegation of Authority and Decentralization. 6
- 24 The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. 6
(a) Name the function of management performed by GIPRA to maintain a satisfactory work force.
(b) Identify and explain the two steps in the process of the function of management discussed above.
(c) Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.
- 25 Hritik is desirous of setting up a small factory to manufacture different kinds of eco-friendly packaging materials. He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials. He plans to adopt paternalistic style of management in practice in order to avoid any kind of class conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business. 6
In context of the above case:
(a) Define 'Scientific Management'.
(b) Identify and explain the various principle of scientific management that Hritik plans to apply to his business.
(c) List any two values that he wants to communicate to the society by offering eco friendly packaging material.

End of the Question Paper