



**INDIAN SCHOOL MUSCAT**  
**SAMPLE PAPER**  
**BUSINESS STUDIES (054)**



CLASS :XII

TIME ALLOTTED : 3 HRS.  
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.
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1. Aarav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles computers and various components, supplies them as per order. He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. These functions are performed by all managers at all times. The feature of management highlighted here is:
    - a) Management is a continuous process
    - b) Management is pervasive
    - c) Management is a dynamic function
    - d) Management is a group activity
  2. The Uttarakhand government has developed a surveillance network using the latest satellite technology. Under this system, the state's mining department would be in a position to check illegal mining activities across the state. The state government is also considering the use of drones in its proposed campaign against illegal mining. Identify the related dimensions of the business environment.
    - a) Economic dimension and Legal dimension
    - b) Social dimension and Economic dimension
    - c) Technological dimension and Political dimension
    - d) Political dimension and Economic dimension
  3. Name the principle of management given by Fayol which when applied would mean that the workers and management both honour their commitments without any prejudice towards one another.
    - a) Discipline
    - b) Mental Revolution
    - c) Remuneration of employees

d) Scalar chain

4. The government of India made an announcement regarding Demonetization of the Indian economy on November 8, 2016 with profound implications for it. The process which put restrictions on convertibility of domestic money and bank deposits was meant to create a less-cash economy. One argument against the cash-lite economy is that: 1
- a) Internet connectivity is a prerequisite
  - b) More people will be introduced into the formal economy.
  - c) Financial saving will increase
  - d) Tax evasion will be reduced
5. Maruti Udyog became the leader in the small car market because it was the first to recognise the need for small cars in an environment of rising petroleum prices and a large middle class population in India. Which importance of the business environment is highlighted in the above example? 1
- a) Identify threats and early warning signals
  - b) Tapping useful resources:
  - c) Identify opportunities and getting the first mover advantage
  - d) Coping with rapid changes
6. Rana Ltd. is diversifying its product lines. What organisational objective is it trying to achieve? 1
- a) Survival
  - b) Profit
  - c) Managerial efficiency
  - d) Growth
7. Naveen started a Saree showroom in Mumbai, India. He wanted to sell Sarees in France but he understands that conditions are different in different countries. Identify the feature of business environment highlighted here. 1
- a) Relativity
  - b) Uncertainty
  - c) Dynamic nature
  - d) Interrelatedness
8. Which type of organisational structure will you suggest for a firm which has diversified activities and operations requiring a high degree of specialisation? 1
- a) Centralised structure
  - b) Decentralised Structure
  - c) Divisional structure
  - d) Functional structure
9. Lakshay has been given the task of arranging a five-day conference for foreign delegates. In order to ensure smooth functioning of the event, he has made two people as co-coordinators to take care 1

of activities related to registration and refreshment. Identify the function of management being carried out by Lakshay.

- a) Planning
- b) Staffing
- c) Organising
- d) Directing

10. 'Nayan Medicare Equipment Ltd.' manufactures equipment for surgeons having a unique laser technique. The equipment can be used by the surgeons only after proper training. Even their maintenance requires guidance of specialised engineers. Because of this, the equipment is used in a limited number of hospitals. The company wants to increase the sale of the equipment. 1

Suggest the promotion tool to be used by the company.

- a) Advertising
- b) Personal Selling
- c) Sales Promotion
- d) Public relations

11. M. R. Sarthi, the Ex-chairman of Swadesh Ltd., built up his successor before retiring. Following the norms set up by him, he handed over the reins of the company to the co-founder Mr. Shravan, who had the potential to bring about change in the behaviour of others. Name the concept of management which was the reason why Mr. Sarthi chose Mr. Shravan to be his successor. 1

- a) Motivation
- b) Leadership
- c) Communication
- d) Staffing

12. Which of the following is associated with the marketing standard? 1

- a) Sales Expense
- b) Capital expenses
- c) Quantity
- d) Dispute rate

13. Identify the correct sequence of steps to be followed in the trading procedure at the Stock Exchange. 1

- a) Opening a trading account and Demat account, Placing an order, Settlement of order, Execution of order
- b) Settlement of order, Opening a trading account and Demat account, Placing an order, Execution of order
- c) Opening a trading account and Demat account, Placing an order, Execution of order, Settlement of order
- d) Placing an order, Opening a trading account and Demat account, Execution of order, Settlement of order

14. Which component of product mix provides status symbol as the advantage to customer? 1

- a) Labeling.
- b) Branding

- c) Packaging.
- d) Grading

15. They can be issued to individuals, corporations, and companies during periods of tight liquidity when the deposit growth of banks is slow, but the demand for credit is high. 1
- a) Commercial papers
  - b) Call money
  - c) Commercial bill
  - d) Certificate of deposit
16. Gentco Ltd wants to buy treasury bills for ₹1,25,000. What is the maximum number of treasury bills that this fund can purchase? 1
- a) 3
  - b) 4
  - c) 5
  - d) 6
17. A major decision area under one of the functions of marketing is the decision regarding marketing intermediaries to be used. Name the function. 1
- a) Physical Distribution
  - b) Gathering and analysing market information
  - c) Promotion
  - d) Transportation
18. Stock exchanges provide an opportunity for investors to disinvest and invest. Identify the related function of the stock exchange. 1
- a) Providing scope for speculation
  - b) Providing liquidity and marketability to existing securities
  - c) Pricing of security
  - d) Spreading of the equity cult
19. Folk Ltd. Is a leather bags manufacturing company. The company is using prohibited animal skin to make leather bags, in order to satisfy some of its customers. Which Marketing concept is being violated in the given case? 1
- a) Product concept
  - b) Production concept
  - c) Societal Marketing concept
  - d) Marketing concept
20. As the span of management increases in an organisation, the number of levels of management in the organization. 1
- a) Increases
  - b) Decreases
  - c) Remains unaffected
  - d) No Change
21. Ritu is the manager of the Northern division of a large corporate house. At what level does she work in the organisation? What are her basic functions? 3

22. 'If anything goes wrong with the performance of key activities, the entire organisation suffers. Therefore, the organisation should focus on them.' Explain the statement with a suitable example. 3

**OR**

Ganesh is working in an MNC. He has created an atmosphere of proper controlling in his department. In order to do so he keeps himself aware about any dishonest behaviour and takes a stern action immediately. Recently he has installed CCTV cameras to keep vigil on the employees.

1. In the above case which importance of controlling has been implemented by Ganesh?
2. Name one more importance of controlling other than the above highlighted.
3. Can you suggest one more way by which Ganesh could have implemented controlling?

23. Abhinav runs an NGO under the name 'Sarvak' in Delhi. The organisation is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of 'Sarvak' provides a link to a Careers site wherein the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves. The NGO also keeps a database of unsolicited applicants in its office so that job seekers may be notified of future opportunities when they arise. 3

In context of the above case:

Identify the two sources of external recruitment being used by the NGO 'Sarvak' by quoting lines from the paragraph.

24. State any three objectives of the Securities Exchange Board of India. 3

**OR**

State any three functions performed by the stock exchange.

25. Naresh, a businessman, is engaged in the purchase and sale of ice-creams. Identify his working capital requirements by giving reasons to support your answer. Now, he is keen to start his own ice-cream factory. Explain any two factors that will affect his fixed capital requirements. 4
26. 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". 4
- By quoting the lines from above paragraph state any two elements of directing.

27. Give the meaning of 'policy' and 'strategy' as type of plans 4

**OR**

Give the meaning of 'Objective' and 'Procedure' as types of plans.

28. Aakansha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh 4

in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organisation with a view to increasing managerial and operational efficiency. They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women and the people with special needs belonging to the rural area.

- (i) Identify the step completed by the owners of handicraft unit?
- (ii) State the next three steps that they will have to undertake for obtaining a satisfied workforce for their handicraft unit.

**OR**

Prashant, the Director of a company, is planning to manufacture rugs for utilising 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.

- (i) Identify the step completed by Prashant, the Director of a company?
- (ii) State the next three steps Prashant has to follow in the staffing process after advertising for the above vacancies.
- (iii) The next three steps to be followed by Prashant in the staffing process after advertising for the above vacancies are as follows:

29. ABC Ltd. is a company manufacturing textiles. It has a share capital of ₹60 lakhs. The earnings per share in the previous year were ₹0.50. For diversification, the company requires an additional capital of ₹40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year, the company earned a profit of ₹8 lakhs on the capital employed. It paid tax at 40%. (Assume nominal value of share is ₹10) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly. 4

30. Mr. Shubhendu Bose is the owner of Bikmac Enterprises carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organisation and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason. 4

Naval found that all the decision-making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result, both the employer and the employees were not able to understand each other's messages in the same sense. Thus, the employees were not happy and targets were not met.

- i. Identify any two communication barriers because of which Bikmac Enterprises was not able to achieve its target.
- ii. State one more barrier each of the types identified in (i) above.

31. Briefly explain any three of the following techniques of Scientific Management as given by F.W. Taylor: 6

- (a) Method study
- (b) Functional foremanship
- (c) Standardization

(d) Differential piece wage system

**OR**

Briefly explain any three of the following principles of management given by Henry Fayol:

- (a) Unity of command
- (b) Equity
- (c) Remuneration
- (d) Initiative

32. Arush joins as a sales manager of a company dealing in nature therapy products. Being proficient 6  
in his work, he knew that without good planning he will not be able to organise, direct, control or  
perform any of the other managerial functions efficiently and effectively. Only on the basis of  
sales forecasting, he would assist in the preparation of the annual plans for its production and  
sales. Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half  
yearly basis. While preparing the sales forecasts, he undertakes intellectual thinking involving  
foresight, visualization and issued judgments rather than wishful thinking or guess work. Most  
importantly, all these planning activities will be meaningful only if they will coincide with the  
purpose for which the business is being carried out.

In context of the above case, identify the various features of planning highlighted in the above  
paragraph by quoting lines from it.

33. Atul joins as a Regional Sales Head in the export division of a FMCG (fast moving consumer 6  
goods) company. In a departmental meeting, he asks one of these subordinate, Manik, to take  
charge of the company's new office in Dubai. He allocates the work to him and grants the  
necessary authority. However, within a month by seeking regular feedback on the extent of work  
accomplished from Manik, Atul realises that Manik is not doing the work as per his expectations.  
So he takes away the authority delegated to him and re delegates the work to Prakrit. Due to the  
time wasted in this switch over, the work at the Dubai office suffers tremendously and the  
company is not able to meet its desired goals.

In context of the above case:

- a) Why is Manik supposed to give regular feedback about work to Atul?
- b) Can the authority granted to a subordinate be taken back and re-delegated to another  
person?
- c) Can Manik be held responsible for not meeting the work related expectations of Atul?  
Give a suitable reason in support of your answer.
- d) Differentiate between authority, responsibility and accountability on the basis of origin and  
flow

34. Once goods are manufactured, packaged, branded, priced, and promoted, these must be made 6  
available to customers at the right place, in the right quantity and at the right time'.

Which element of Marketing Mix is referred to in the above statement?

State and explain the components affecting the Marketing mix identified in the above statement.

**\*\*\*\*END OF THE QUESTION PAPER\*\*\*\***