

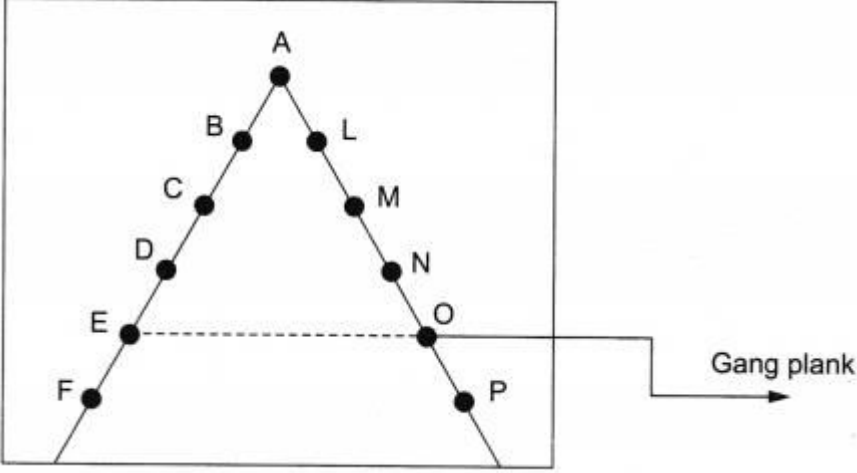
INDIAN SCHOOL MUSCAT
CLASS: 12
PRE – BOARD EXAMINATION
BUSINESS STUDIES (O54)
SET – A

QP.NO.	VALUE POINTS	SPLIT UP MARKS
	Section ‘A’	
	Choose and write the correct option in the following questions:	
1.	What out of the following has been called the essence of management? (a) Communication (b) Coordination (c) Supervision (d) Leadership Ans: (b) Coordination	1
2.	Which organization structure is deliberately established? (a) Formal (b) Informal (c) Both (a) and (b) (d) None of these Ans: (a) Formal	1
3.	The importance of ‘Trading on Equity’ lies in the fact that if the company is earning more profit, it can make use of borrowed capital and preference share capital and by doing so, it can increase the income of: (a) Preference Shareholders (b) Lenders (c) Equity Shareholders (d) Government Ans: (c) Equity shareholders	1
4.	Under which philosophy of marketing, efforts are made to bring down the cost of production to the minimum? (a) Production concept (b) Product concept (c) Marketing concept (d) Selling concept Ans: (a) Production concept	1
5.	The highest level need in the Need Hierarchy of Abraham Maslow: (a) Safety need (b) Belongingness need (c) Self-actualization need (d) Prestige need Ans: (c) Self-actualization need	1
	Fill in the blanks:	
6.	The _____ is responsible for implementing the developed control plans. Ans: Middle Level Management	1
7.	The objective of _____ is to increase the role of the subordinates in the organization by providing them autonomy.	1

	Ans: Decentralization	
8.	Absence of appropriate incentive comes under the _____ barrier of communication. Ans: Personal	1
9.	Which of the following falls in the Category of Zero Coupon Bond? (a) Treasury Bill (b) Commercial Paper (c) Certificate of Deposit (d) Commercial Bill Ans: (a) Treasury Bill	1
10.	_____ refers to the total of all those forces which exist outside the ambit of Business and on which the Business has no control. Ans: Business Environment	1
	Write 'T' for True and 'F' for False statements:	
11.	The Principles of management are not rigid like pure science. Ans: True	1
12.	Function structure lays emphasis on 'job specialization'. Ans: True	1
13.	In Democratic Leadership Style, the leader does exchange of ideas with his subordinates before taking a final decision. Ans: True	1
14.	The societal marketing concept focuses its attention on both the consumer satisfaction and social welfare. Ans: True	1
15.	In the District Forum the disputes regarding complaints amounting less than Rs.20 Lacs are resolved. Ans: True	1
	Answer the following questions in one word or one sentence:	
16.	What is meant by Financial Market? Ans: It refers to the market that creates and exchanges financial assets.	1
17.	What is meant by 'Estimating manpower requirements' as a step in the process of 'Staffing'? Ans: It refers to determine the number and type of employees required.	1
18.	State the primary objective of financial management. Ans: Wealth maximization is the primary objective of financial management which means maximizing the market value of investment in the shares of the company.	1
19.	What is meant by Branding? Ans: It refers to the process through which a special identification of product is established.	1
20.	Give the names of two consumer organizations.	1

	Ans: (a) Common Cause, Delhi (b) Citizen action Group, Mumbai	
	SECTION 'B'	
21.	<p>Metlapp Networks and Technologies Ltd. is a leader in technology innovation in the United States, creating products and solutions for connecting the world. It has,, a large research and development team which invented the first smart watch, named as W-7. The watch besides showing the time, also monitors few health parameters like heart beat, blood pressure etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of simplified export procedure and removal of quantitative as well as tariff restrictions in India.</p> <p>It set up its office in Jamnagar with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers. Explain briefly any three impacts of these concepts on Indian business and industry.</p> <p>Ans: The three impacts of reforms on Indian business and industry are outlined below:</p> <ul style="list-style-type: none"> • Increasing competition: The Indian firms are facing lot of competition due to changes in the rules of industrial licensing and entry of foreign firms. This change is more apparent in the sectors which were earlier reserved for private sector only like banking, insurance, telecommunications, etc. • More demanding customers: With the easy availability of wider choice in purchasing better quality of goods and services due to high competition consumers have become more aware and demanding. The growing expectations of the consumers has increased the pressure on the business firms. • Rapidly changing technological environment: With the entry of new firms which are far more superior in terms of technology the small firms are facing a lot of challenges. Moreover, the firms are constantly involved in innovating new products and upgrading present products with the help of better technologies in order to satisfy the customers' demands. 	3
22.	<p>State any three reasons as to why staffing is important for employees.</p> <p>Ans: (i) Increase in capacity and efficiency (ii) Increase in market value (iii) Fewer accidents</p> <p style="text-align: center;">OR</p> <p>Explain 'Direct Recruitment' and 'Advertisement' as external sources of recruitment.</p> <p>Ans: Direct Recruitment</p> <ul style="list-style-type: none"> • Source of recruitment under which a notice is placed on the notice board of the organization specifying the details of the job available on daily wage basis. • This method is meant only for recruitment of unskilled workers. <p>Advertisement</p> <ul style="list-style-type: none"> • Refers to that source of external recruitment in which vacancies are advertised in newspapers or trade and professional journals to search for educated and experienced personnel. 	3

	<ul style="list-style-type: none"> • This method enlarges the area of selection for the organization and as a result of it, the appointment of good employees becomes possible. 	
23.	<p>Taking corrective/ remedial action is the last step in the process of one of the function of management. Name the function and explain the first two steps of this function of management.</p> <p>Ans: Controlling function Steps: a) Setting performance standards b) Measurement of Actual Performance</p>	3
24.	<p>Mission coach ltd. is a large creditworthy company that manufactures coaches 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.</p> <p>(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 this instrument can be used.</p> <p>Ans: a) Commercial Paper b) Maturity period may range from a fortnight to a year. c) also used to meet the short term seasonal and working capital requirements.</p>	3
25.	<p>State and explain any two functions performed by labelling.</p> <p>Ans: a) Describe the product and specify its contents. b) Helps in identification of the product or brand.</p>	3
	SECTION 'C'	
26.	<p>Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family's benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behaviour as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> 1. Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job. 2. List any two values that Mehul wants to communicate to Neeraj. <p>Ans:</p> <ol style="list-style-type: none"> 1. The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows: <ul style="list-style-type: none"> • Subordination of Individual Interest to General Interest: Through this principle, Fayol advocates that in all circumstances, the interests of an organization should take priority over the interests of any one individual employee. This is essential because larger interests of the other employees and the stakeholders i.e., owners, shareholders, creditors, debtors, 	4

	<p>financers, tax authorities, customers and the society at large cannot be sacrificed for the interest of any one person. For example, Mehul tells Neeraj that he might get tempted to misuse his powers for his or his family's benefit and so he must display exemplary behaviour to raise his stature in the eyes of the company.</p> <ul style="list-style-type: none"> • Scalar Chain: According to Fayol, the formal lines of authority from highest to lowest ranks are known as scalar chain. He suggests that "The organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates." However, in order to ensure speedy communication during emergencies, Gang Plank is a shorter route that has been provided. However, the superior has to be informed later on. • For example, in the following case, there is one head 'A' who has two lines of authority under her/ him. One line consists of B-C-D-E-F. Another line of authority under 'A' is L-M-N-O-P. If 'E' has to communicate with 'O', who is at the same level of authority, then she/he has to traverse the route E-D-C-B-A-L-M-N-O. This is due to the principle of scalar chain being followed in this situation. However, if there is an emergency, then 'E' can directly contact 'O' through 'Gang Plank' as shown in the diagram. 	
27	<p>Despite internal sources of recruitment being economical, why do the companies not always use this sources? Give any four reasons.</p> <p>Ans: Because of the following reasons:</p> <ol style="list-style-type: none"> Qualified Personnel Wider choice Fresh talent Competitive spirit 	4
28.	<p>Explain any four rights of a consumer under the Consumer protection Act, 1986.</p> <p>Ans:</p> <ol style="list-style-type: none"> Right to safety Right to be informed Right to choose Right to be heard. <p style="text-align: center;">OR</p> <p>Reena purchased one litre of pure Deshi Ghee from a shopkeeper. After using it she had a</p>	4

	<p>doubt that it is adulterated. She sent it for a laboratory test which confirmed that the Ghee is adulterated. State any four reliefs available to Reena, if she complaints and the consumer court is satisfied about the genuineness of the complaint.</p> <p>Ans:</p> <p>a) Removal of defects b) Replacement of goods c) Refund of price d) Award of compensation</p>	
29.	<p>Mr Ekant Miglani, after completing his studies of B.B.A is working in the Production Department of 'jai chemicals limited'. There are fifty persons working at different posts in this Department. He tries hard to keep a watch over the Routine Activities of all the employees. He observed one of the employees, Bholaram and a few others working on machines. They were running the machines in a wrong manner. The machines were very sophisticated. Mr Miglani at once explained the right method of working to them. He wanted to solve this problem of the employees for good. He called a meeting of his subordinates. He took this decision that the company will have to organize training of the employee immediately. They also decided all the employees will drop a suggestion each in the suggestion-box daily, so that the different activities of the department may be improved speedily. It was announced that the employees giving valuable suggestions shall be rewarded. On the basis of the above paragraph answer the following question:</p> <ol style="list-style-type: none"> 1. Which function of management is being discharged by Mr Miglani by keeping a watch over the Routine Activities? 2. Which method of training of the employees will be suitable to be adopted here? Explain. 3. Which style of leadership is being followed by Mr Miglani? Explain the style. 4. Which method of motivation will be decided to be adopted in the meeting of employees? Explain <p>Ans:</p> <p>(1) Supervision. (2) Here the Vestibule training Method will be suitable to be adopted. Under this training method a separate training centre is set up. In this centre, factory-like atmosphere or circumstances is/are created and the employees are trained to work on sophisticated machines. (3) Democratic Leadership Style. (4) Employee Recognition Programme.</p>	5
30.	<p>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 a 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. 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.</p> <p>In context of the above case: Identify the various features of management highlighted in the above paragraph by quoting lines from it.</p>	5

	<p>Ans: The various features of management highlighted in the above paragraph are stated below:</p> <ol style="list-style-type: none"> 1. Management is all pervasive: “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.” 2. Management is a goal-oriented process: “Anju takes up a 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.” 3. Management is a continuous process: “Both of them have to perform a series of continuous, composite, but separate functions. Like 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.” 4. Management is a group activity: “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.” 5. Management is an intangible force: “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.” <p style="text-align: center;">OR</p> <p>Explain the importance of Principles of Management.</p> <p>Ans:</p> <ol style="list-style-type: none"> a) Provide useful insights to managers b) Optimum Utilization of Resources and Effective Administration c) Scientific decisions d) Fulfilling Social Responsibility e) Management training, education and research 	
31.	<p>Ravi Jain was the Chief Executive Officer of Nath Traders. He was worried about the heavy expenditure on advertising. He asked his Finance Manager, Mohit Verma to know the views of the Sales Manager and his team regarding this expenditure. Mohit Verma was thinking of calling a meeting of the Sales Manager and his team after teabreak. But by chance at the time of tea-break, Mohit Verma met with the Sales Manager and his team in the canteen. They all discussed about this expenditure and finalized to give suggestion to reduce this expenditure.</p> <p>(i) Identify the type of organization which helped the Finance Manager Mohit Verma, the Sales Manager and his team in finalizing the suggestion. (ii) State any three features of the type of organization identified above.</p> <p style="text-align: center;">OR</p> <p>Kavita Ghai was the Managing Director of a restaurant in Lucknow called ‘Healthy Kitchen’. The restaurant was doing well and the volume of work started increasing slowly and steadily. Kavita Ghai was not able to manage all the work on her own. The increasing magnitude of work made it impractical for her to handle it all by herself. Moreover her objective is to open more branches of this restaurant at different places. She appointed Nikhil Gupta, as a General Manager of ‘Healthy Kitchen’, Lucknow and gave him the right to command his subordinates and to take action within the scope of his position. For smooth running of the restaurant she also gave him authority to hire and train the staff as per the requirements. Kavita Ghai was satisfied with the work of Nikhil Gupta and was able to open other branches of the restaurant in Agra and Kanpur also.</p>	5

	<p>(i) Identify the concept followed by Kavita Ghai which helped her to open the new branches of the restaurant.</p> <p>(ii) Also, explain briefly the four points of importance of the concept identified in (i) above.</p> <p>Ans: The type of organization which helped in finalizing the suggestion is Informal Organization :</p> <p>Informal organization is a network of personal and social relations not established by the formal organization but arising spontaneously due to people associating themselves with one another.</p> <p>Features of Informal Organization are :</p> <p>(i) Origin: It originates within the formal organization.</p> <p>(ii) Formation: It emerges spontaneously and is not deliberately created by the management.</p> <p>(iii) Behaviour: The standards of behaviour evolve from group norms.</p> <p style="text-align: center;">OR</p> <p>Concept followed here is 'Delegation'.</p> <p>Importance of Delegation :</p> <p>(i) Effective Management: By delegating routine work to the subordinates, the managers get more time to concentrate on important matters and excel in new areas efficiently.</p> <p>(ii) Employee Development: Delegation empowers the employees by providing them the chance to use their skills, gain experience and develop themselves for higher position.</p> <p>(iii) Motivation of Employees: Responsibility for work builds the self-esteem of an employee and improves confidence. He/She feels encouraged and tries to improve his/her further performances.</p> <p>(iv) Facilitation of Growth: Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set unit.</p>	
32.	<p>'Seven Colours' is a progressive company with a very good HR record. Recently it created a pool of prospective candidates for jobs to be given in various departments. The company is always willing to complete its HR duties properly. Various job positions exist in the company. The company makes it compulsory for the HR department to prepare job descriptions so that necessary information about the jobs could be created. For its decent HR practices the company has won several awards. It knows that the most important asset of an organisation is its image and to protect it the company should always be ready to do extra efforts. Last year when a few groups filed a complaint against the company it made great efforts to fight legally and came out victorious. It has a very good set up to promote the interests of the employees. In order to give them a familiar environment the company promotes various informal organisations and proper celebration of all festivals. It is very responsive towards its workers and always attends to their problems. There is a special cell in the HR department which is very responsive to the complaints made by the employees regardless of the level at which they work. Recently a national newspaper made a very favourite mentioning of the absence of strikes in the company as the management-labour relations are very good and a lot of importance is given to the demands of the labour unions. A very peaceful environment exists in the organisation.</p> <p>In the above case there are highlighted various duties of the HR department. Identify and explain them.</p> <p style="text-align: center;">OR</p> <p>Mr Vikas Goel is an H.R. Manager of "sanduja furniture pvt. Ltd." At the beginning of the New Year he anticipated that the company will need new 30 additional persons to fill up different vacancies. He gave an advertisement in the newspaper inviting applications for</p>	6

	<p>filling up different posts. As many as 120 applications were received. The same were scrutinized. Out of these, conditions of 15 applicants were not acceptable to the company. Letters of regret, giving reasons, were sent to them. Remaining candidates were called for preliminary interview. The candidates called for were asked to fill up blank application form. Thereafter, they were given four tests.</p> <p>The objective of the first test was to find out how much interest the applicant does take in his work.</p> <p>The objective of the second test was to find out ‘specialization’ of the applicant in any particular area.</p> <p>Third test aimed at making sure whether the applicant was capable of learning through training or not.</p> <p>The purpose of the fourth test was to find out how much capability a person has to mix-up with other persons, and whether he can influence other persons and get influenced by them.</p> <p>Answer the following question on the basis of the above information:</p> <p>(i) Quoting the lines, identify the first two steps of staffing.</p> <p>(ii) Identify different tests given to the applicants by Mr Goel.</p> <p>Ans:</p> <p>The various duties of the HR department highlighted above are:</p> <ol style="list-style-type: none"> 1. Recruitment is done in order to create the pool of candidates who can then be made to go through the process of selection. Recently it created a pool of prospective candidates for jobs to be given in various departments. 2. Analysing jobs and preparing job descriptions. The Company makes it compulsory for the HR department to prepare job descriptions so that necessary information about the jobs could be created. 3. Defending the company in case any law suit is filed against the company. Last year when a few groups filed a complaint against the company it made great efforts to fight legally and came out victorious. 4. Helps in fulfilling social needs thus providing welfare and social security. In order to give them a familiar environment the company promotes various informal organisation and proper celebration of all festivals. 5. Handles grievances of the employees and makes timely attention to the complaints made by them. There is a special cell in the HR department which is very responsive to the complaints made by the employees regardless of the level at which they work. 6. Maintaining proper relations between labour and management. Recently a national newspaper made a very favourite mentioning of the lack of strikes in the company as the management-labour relations are very good and a lot of importance is given to the demands of the labour unions. <p style="text-align: center;">OR</p> <p>Ans:</p> <p>(a) (i) ” at the beginning of the new year.....different vacancies”.</p> <p style="padding-left: 40px;">*estimating man power</p> <p>(ii) ” He gave an advertisement120 applications were received”.</p> <p style="padding-left: 40px;">*recruitment</p> <p>(b) Mr Goel gave tests in the following order:</p> <ol style="list-style-type: none"> (i) interest test (ii) special trade efficiency test (i) Aptitude test (ii) Personality test 	
33.	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. Identify the decision that	6

	<p>Ankit will have to take and also discuss any five factors which help him in taking this decision.</p> <p>Ans:</p> <p>a) Dividend Decision</p> <p>b) Factors affecting Dividend decision:</p> <p>(i) Earning</p> <p>(ii) Stability of Earning</p> <p>(iii) Stability of Dividends</p> <p>(iv) Growth opportunities</p> <p>(v) Cash flow Position</p> <p style="text-align: center;">OR</p> <p>You are a Finance Manager of a newly established manufacturing company. Explain any six factors that you will consider while determining the fixed capital requirements of the company.</p> <p>Ans:</p> <p>a) Nature of business</p> <p>b) Scale of operations</p> <p>c) Financing alternatives</p> <p>d) Choice of Technique</p> <p>e) Technology upgradation</p> <p>f) Level of collaboration</p>	
34.	<p>Various tools of communication are used by the marketers to promote their products. Answer the following questions:</p> <p>i) Why do companies use all the tools at the same time?</p> <p>ii) Name and explain the most commonly used non-personal tool of promotion which is paid for by the marketer.</p> <p>iii) Which tool of promotion will primarily be used for the following:</p> <p>a) To promote or protect a company's image or its individual products.</p> <p>b) An existing product meant for the mass usage by the literate people.</p> <p>c) To introduce a new product to a particular class of people through door-to-door visits.</p> <p>Ans:</p> <p>(i) Companies use all tools at the same time because of the nature of market, nature of the product, promotion budget and objectives of promotion being different at different times.</p> <p>(ii) The most commonly used non-personal tool of promotion which is paid for by the marketer is advertising.</p> <p>It contains following features :</p> <p>(a) It is paid form of promotion tool by an identified sponsor to promote an idea or goods.</p> <p>(b) It is a non-personal form of communication. Many persons can be communicated or informed at one time.</p> <p>(iii) The tools of promotion are :</p> <p>(a) Public Relation</p> <p>(b) Advertisement</p> <p>(c) Personal selling.</p>	6