**DAV CENTENARY PUBLIC SCHOOL**

**Time: 3 Hrs CLASS XII BUSINESS STUDIES (2016-17) M.M. 80**

General Instructions:

1. Answer to questions carrying 1 mark may be from one word to one sentence.
2. Answer to questions carrying 3 marks may be from 50-75 words.
3. Answer to questions carrying 4-5 marks may be from 150 words.
4. Answer to questions carrying 6 marks may be from 200 words.
5. Attempt all parts of question together.
6. All questions are compulsory.
7. On which principle of Fayol, Taylor’s technique of functional foremanship is based? **(1)**
8. Which device helps subordinates of the same level of different departments to communicate directly in case of emergency? **(1)**
9. Ankita Ltd. Intends to achieve a return of 20% on investment. What type of plan it is known as? **(1)**
10. Why is motivation called a complex process? **(1)**
11. What is meant by bridge financing? **(1)**
12. ‘Cost of debt’ is lower than the ‘cost of equity share capital’. Give reason why even then a company cannot work only with the debt. **(1)**
13. Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week the representative of the company visited Suman’s residence with an apology and as a replacement offered her a new cheese pack with four other varities of cheese as compensation for the inconvenience to her.

State the consumer right which Suman exercised. **(1)**

1. Kawasaki is a two wheeler manufacturing company. After offering number of four stroke scooters the company is all set to launch a motorcycle. The company offers products and also handle complaints and grievances of the customer. The firm makes sure that good post sale service network is provided to the customers to raise the level of satisfaction.

Identify the element of marketing mix discussed here. **(1)**

1. How does planning provide direction? **(3)**
2. Explain why is it said that ‘Planning’ and ‘Controlling’ are inseparable twins of management. **(3)**
3. Rahim was working in an organisation on daily wages basis. It was difficult for him to fulfil the basic needs of his family. His daughter fell ill. He had no money for his daughter’s treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.
4. By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company. (using maslow need theory)
5. Also, explain the need of Rahim followed by above that are still to be satisfied. **(3)**
6. Mr. Vikas mehra was the Chairman of IBM Bank. The bank was earning good profits. Shareholders were happy as the bank was playing regular dividends. The market price of their shares was also steadily rising. The bank was about to announce the taking over of UK Bank. Mr. Vikas Mehra knew that the share price of IBM 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 friend Mukund and asked him to invest ₹ 4 crores in shares of his bank promising him the capital gains.

As expected after the announcement, the share price went up by 50% and the market price of Mukund’s share was now ₹ 6 crores. Mukund earned profit of ₹2 crores. He gave ₹1 crore to Vikas Mehra and kept ₹ 1 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 regularity. SEBI imposed a heavy penalty on Vikas Mehra.

Quoting the lines from the above para identify and state any two functions performed by SEBI in the above case. **(3)**

1. A company was marketing “ water purifiers” which were very popular due to their quality and after sales-services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profit the company ignored the after sales-services. As a result its relations with the customers got spoiled and the image of the company was damaged in public. Top management became concerned when the profit for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales-services was its reason. Therefore the company took all possible measures to protect and promote its favorable image in the eyes of the public. As a result of goodwill of the company improved in the society.
2. Name and state the communication tool used by the marketer in the above case to improve its image.
3. Also explain role of the tool as identified in part (a). **(3)**
4. State any four functions of “Stock Exchange”. **(4)**
5. Mrs. Rajlaxmi is working as the Human Resource Consultant in a firm manufacturing

cosmetic, which is facing a problem of high employee turnover. The CEO of the company has invited suggestions from her for retaining the talented employees & reducing the employee turnover. Mrs Rajlaxmi recommends that the good employees be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them contribute towards the growth of the organization.

a) Identify the incentive and explain its type, which has been suggested by Mrs. Rajlaxmi to the CEO of the company.

b) Also explain any two other incentives of the same type.  **(4)**

1. “Organising involves a series of steps in order to achieve the desired goals.’ Explain these steps. **(4)**
2. Explain the following money market instruments: **(4)**

(A)Treasury Bill

(B)Commercial paper

1. In the rainy reason, the level of impurities in the water bodies tend to rise, leading to an increase in the number of cases of jaundice and hepatitis. Keeping this in mind, the court passed an order that all school must have water purifier for school children, keeping in view the below stated reasons.
2. Society in general is more concerned about quality of life.
3. Innovative techniques are being developed to manufacture water purifier at competitive rates.
4. Incomes are rising and children at home are also drinking purified water.
5. The Government is also showing positive attitude towards the water purifier business.

Identify the different dimensions of business environment by quoting lines from the above paragraph. **(4)**

1. Staffing is the part of human resource management. Discuss. **(4)**
2. ABC Crackers Ltd a fire –cracker manufacturing company launched some new products on the eve of Diwali in the market, which attracted many buyers. To meet the increased demand, the company employed people from nearby villages where there was a lot of unemployment because of the good behaviour of the management with the employees, more and more people wanted to join the company. As the products were in great demand in the market. A company imitated the products. The products of the competitors were not accepted by the consumers as it was a status symbol to buy the products of ABC Crackers Ltd. because of their quality.
3. Identify and explain the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.
4. Also identify any two values which ABC Crackers Ltd wanted to communicate to the society.  **(5)**
5. A finance manager of Titan Ltd. Issued securities in private market by following the private placement method. Explain this method and also give its benefits. **(5)**
6. Vivo Ltd. Is a company manufacturing textiles. It has a share capital of ₹ 60 lakhs. The , earning per share in the previous year was ₹ 0.50. for diversification, the company require additional capital of ₹ 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of ₹8 lakhs on capital employed. It paid tax @ 40%.
7. State whether the shareholders gained or lost in respect of earning per share on diversification. Show your calculations clearly.
8. Also, state any three factors that favour the issue of debentures by the company as part of its capital structure. **(5)**
9. There are some barriers in communication which are concerned with encoding and decoding of message. Explain such barriers. **(6)**
10. Ashima Purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She files a case in the District Forum under consumer Protection Act and got relief.
11. Identify the important aspect neglected by the marketer in the above case.
12. Explain briefly the functions of the aspect identified in (a) above. **(6)**

1. A company Nano Ltd. Manufacturing of Cosmetics, which has enjoyed preeminent position in the business, has grown in size. Its business was very good till 1991 but after that , new liberalized environment has seen entry of many MNC in the sector.

With the result, the market share of Nano Ltd has decline. The company has followed a very centralised business model with director and divisional heads making even minor decision. Before 1991, this business model had served the company very well as consumers has no choice. But now, the company is under pressure to reform and decentralise.

1. What do you mean by decentralization?
2. Can an organization in general, be fully centralised or fully decentralized?
3. Explain any four advantages of decentralised. **(6)**