DAV CENTENARY PUBLIC SCHOOL

BUSINESS STUDIES (054)

CLASS-XII 2016-17

Time allowed: 3 hours Maximum marks: 80

General Instructions:

1. Attempt all parts together
2. Write in neat and legible handwriting
3. Read the question paper carefully

Q1. Which feature of management, principles is being highlighted by the following statement. “The application of management principles depend on situations prevailing at a particular point of time”?

Q2. Why is it said that directing takes place where ever superior- subordinate relationship exists?

Q3.When is financial leverage favourable?

Q4.Modern Rice Ltd. has the largest share of 55% in the market. The company‟s policy is to sell only for cash. In 2015, for the first time company‟s number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Modern Rice Ltd. continued to rely on it‟s previously tried and tested successful plans which didn‟t work because the environment is not static. This led to decline in sales of Modern Rice Ltd.

The above situation is indicating two limitations of planning which led to decline in it sales. Identify these limitations.

Q5. Mohit Rana 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 doctors‟ negligence a delicate nerve of his right leg was cut rendering hum 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.

Q6. Abhishek purchased a car for `15 lacs from an automobile company and found that its airbags were defective. After many complaints with the company that went unheard, he filed a case in the District Forum. He was not satisfied with the orders of the District Forum. He then appealed before the State Commission and on being dissatisfied with the orders of State Commission, he appealed before the National Commission. Abhishek was not satisfied with the orders of National Commission.

Suggest him the highest authority where he could appeal against the decision of the National Com

Q7. Why are fixed capital needs higher in the case of computer industry than in case of a furniture manufacturing industry?

Q8.A management function brings the management cycle back to planning. Name the function. (1x8)

Q9. How does controlling help in “Judging accuracy of standards” and “Ensuring order and discipline.” (3)

Q10. „Money market is essentially a market for short-term funds‟. In the light of this statement, state any three features of money market. (3)

Q11. 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”.

By quoting the lines from above paragraph state any two elements of directing.(3)

Q12. Some methods of training directly train employees at the actual work place.

A Name such method of training.

B Briefly explain any 2 such methods of training. (3)

Q13„Time Line‟ watch manufacturing company is a renowned company marketing watches. It performs various activities like, market analysis, product designing or merchandising, packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow up activities. This helps the company in procuring repeat sales orders.

1. Name the concept related to the activities mentioned in the above paragraph.

Explain any two features of the concept identified in part (a) (3)

Q14. “To tackle uncertainity in respect of availability and timing of funds and to help in smooth functioning of an organization” a certain important function of financial management is required. Name the function and state any three points highlighting its importance. (4)

Q15 .With reference to Capital Market state: (4)

A .Its two main parts,

B .Participants in this market.

C Instruments traded.

Q16. Spencers Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand.

Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers.

1. Name and explain the step of staffing process which has not been performed properly.
2. State the next two stages immediately following the step identified in part „a‟. (4)

Q17. Explain three important leadership styles and also state where they are applicable. (4)

Q18. What is the main function performed by a channel of distribution? Explain functions performed by middlemen in process of distribution. (4)

Q19. Explain the following.

1. Milk is sold in plastic sachets. Which level of packing is this?

2. Why is packaging important? Give any 3 reasons.

3. Explain how packing and labeling are different.(4)

Q20. Arjun is a manager in Delco Ltd., a firm manufacturing plasticware.

1. What are the main functions performed by him?

2. Arjun is entrusted with the task of producing 1000 plastic sheets. The management advises him to hire an extra machine for the above mentioned purpose. But, he wants to produce the same using his existing workforce. He believes he can do so by motivating them and providing incentives like better wages and overtime facilities etc. He believes that this approach would be beneficial for both organization and workers. Do you agree with his decision? Which value practiced by Arjun is highlighted by his decision ? (5)

Q21. „Shan Spices Ltd.‟ are the manufacturer of different food specific spices like Rajmaa Masala, Cholley Masala, AalooParantha Masala etc. Mr. Raghav, the owner of the company has created different departments for purchase, production, marketing, finance and human resource. There are thirty employees working in the organisation. Planning is of paramount importance to the company as Mr. Raghav believes that effective planning leads to achievement of organisational objectives. So in order to make employees focus on objectives, he issued instructions that during working hours only official matters will be discussed. He made certain rules and code of conduct for the employees to follow, according to which employees are not allowed to visit and talk to the employees of other departments except for official work. He emphasised on work performance which resulted in smooth functioning of the organisation.

1) Identify and state the type of organisation mentioned in the above para.

2) State one feature of the concept identified in part (1) as mentioned in the above para.

3).What was the purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments?

State two values violated by Mr. Raghav. (5)

Q22. A.) What are the two major sources of recruitment?

B) Which source would you prefer if you were the Human resources manager. Give any four reasons for the same. (5)

Q23. „A business that doesn‟t grow dies‟, says Mr. Shah, the owner of Shah Marble Ltd. with glorious 36 months of its grand success having a capital base of `80 crores. Within a short span of time, the company could generate cash flow which not only covered fixed cash payment obligations but also create sufficient buffer. The company is on the growth path and a new breed of consumers is eager to buy the Italian marble sold by Shah Marble Ltd.

To meet the increasing demand, Mr. Shah decided to expand his business by acquiring a mine. This required an investment of `120 crores. To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%). Mr. Seth also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also apprised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax deductible expense for computation of tax liability.

After due deliberations with Mr. Seth, Mr. Shah decided to raise funds from a financial institution.

a) Identify and explain the concept of Financial Management as advised by Mr. Seth in the above situation.

b) State the four factors affecting the concept as identified in part „a‟ above which have been discussed between Mr. Shah and Mr. Seth. (6)

Q.24. Coconut Joy Ltd.‟ are the manufacturer of vegetarian frozen dessert food products made with coconut milk, agave syrup and other certified ingredients. The founders of the company Lovely and Lalita originally developed this treat to meet their own needs but found that their friends and families around were also keen to use the products. It was not only the vegetarians, but also those who could not get enough environment friendly sustainable food, that appreciated the product.

It did not take long for Lovely and Lalita to recognise the potential of their little venture. In the beginning they started from their home with the product being sold through local family parties that enable guests to personally meet the owner. This helped to establish strong connections with the prospective buyers and the company could put the product on shelves of natural food store. The company used all marketing activities to grow and expand. The company began sponsoring booths at festivals, drawing attention to its newly created vegetarian products. It also disseminated relevant information to media about its products and the people who helped in building the company‟s reputation. Lovely and Lalita were invited for an interview with one of the leading TV channels in which they talked about their environment friendly vegetarian products. To show its gratitude to customers, local business and government officials who supported the company from the beginning, „Coconut Joy Ltd.‟ hosted a gala event and involved all of them to raise funds for a few local NGO‟s. The company also asked its fans and customers to send songs and poetry conveying their impression about „Coconut Joy‟s Ltd.‟ products.

1. Identify and explain the communication tool used by

„Coconut Joy Ltd‟.

1. Briefly explain the role of the tool identified in „a‟ above.

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Q25.Explain the principal given by Fayol

1. Unity of command
2. Scalar chain
3. Equity (6)

Q.25 Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes may hinder their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.

1. Identify and state the component of business environment highlighted in the above Para.
2. State any two features of business environment as discussed by Professor Mehta with Naman and Govind.

Also state two points of importance of business environment as stated by Professor Mehta in the above situation. (6)