



INDIAN SCHOOL DARSAIT

MODEL PAPER 1 AUGUST 2017

BUSINESS STUDIES (054)

Class: XII

Max. Marks: 80

Date: 27 -08-2017

Time: 3 hrs

General Instructions:

- *Answers to questions carrying 1 mark may be from one word to one sentence.*
- *Answers to questions carrying 3 marks may be from 50 – 75 words.*
- *Answers to questions carrying 4-5 marks may be about 150 words.*
- *Answers to questions carrying 6 marks may be from about 200 words.*
- *Attempt all parts of a question together*

1.	<p>‘Management is the process of getting things done’. State the meaning of the term ‘process’ used in this statement.</p> <p><u>Ans:</u> Management as a process consists of a series of interrelated and interdependent but separate functions namely, planning, organizing, staffing, directing and controlling. These are to be performed simultaneously by the managers all the time in order to get the things done.</p>	1
2	<p>Name the ‘organizational structure’ which which promotes efficiency in utilization of manpower.</p> <p><u>Ans:</u> Functional structure.</p>	1
3	<p>Explain any one points of importance of management.</p> <p><u>Ans:</u> Management helps in achieving group goals.</p> <p>Management increases efficiency</p> <p>Management creates a dynamic organization</p> <p>Management helps in achieving personal objectives.</p>	1
4	<p>The size of the assets, the profitability and competitiveness are affected by one of the financial decisions. Name the decision.</p> <p><u>Ans:</u> Investment decision – capital budgeting decisions. These decision tell how the firm’s funds are invested in different assets.</p>	1
5	<p>State the role of ‘Gang boss’ in functional foremanship.</p> <p><u>Ans:</u> To keep the machines and tools are ready for operation by workers.</p>	1

6	<p>'Mediator Limited' is a management consultancy firm located in New Delhi and founded by Mr. John. The firm seeks to provide the prospective candidates with an opportunity to get placed in the desired companies in India and abroad in many sectors names; Automobile Manufacturing, IT. Telecommunications, Finance, Food, Pharmaceuticals, Healthcare and power.</p> <p>In the context of the above case: Identify the type of source of recruitment options being offered by Mediator Limited.</p> <p><u>Ans:</u> External source of recruitment.</p>	1
7	<p>Give the meaning of 'organizing as a process'.</p> <p><u>Ans:</u> Organizing as a process of defining and grouping the activities of the enterprise and establishing authority relationships among them.</p>	1
8	<p>Lee has decided to work as a stock broker, so she visits his friend Leon for guidance. Leon is a leading stock broker. Leon tells her to first apply for registration to the Securities and Exchange Board of India (SEBI) as it is compulsory for all stock brokers under the SEBI Act. What type of the function is being performed by SEBI through this condition?</p> <p><u>Ans:</u> Regulatory function is performed by SEBI</p>	1
9	<p>What is meant by financial planning? State its objectives.</p> <p><u>Ans:</u> Financial planning is the process of estimating the fund requirements of a business and specifying the source of funds.</p> <p><u>Ans:</u> Objectives:</p> <ol style="list-style-type: none"> 1. To ensure availability of funds whenever required. 2. Firm does not raise unnecessarily. 	3
10	<p>Mr. Narayan is the owner of Unibie Enterprises, carrying on the business of manufacturing electrical appliances. There is a lot of discontentment in the organization and targets are not being met. He asked his son, Mr. Meghanad, who has recently completed his MBA, to find out the reason.</p> <p>Meghanad found that all decision making of the enterprise were in the hands of his father. Moreover, his father did not have confidence in the competency of the employees. Thus the employees were not happy.</p> <ul style="list-style-type: none"> • Identify any two communication barriers because of which 'Unibie Enterprise' 	3

	<p>was not able to achieve its target.</p> <ul style="list-style-type: none"> State one more barrier each of the types identified in part (a) above. <p>Ans: Organizational barriers:- Organizational policy :- its not supportive to free flow of communication. Personal barriers: Lack of confidence of superior on is subordinate: Organsational barriers: - Status: Personal barriers: fear of challenge of authority</p>	
11	<p>Define 'Planning'. Explain the first two steps in the process of planning.</p> <p>Ans: Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions.</p> <p>Setting objectives</p> <p>Developing premises MEANS Assumption like govt Policy, interest rate inflation etc:-</p>	3
12	<p>What is meant by management? Explain its any three features that establish it as an Art.</p> <p>Ans: Management is a process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.</p> <p>Ans: Features:-</p> <p>Existence of theoretical knowledge</p> <p>Personalized applications</p> <p>Based on practice and creativity .</p>	3
13	<p>State any three functions of financial market.</p> <p>Ans:</p> <ol style="list-style-type: none"> Mobilize the savings and channelize them into productive purposes. Determine the price Provides liquidity to financial assets 	3
14	<p>Arun Industries is a company manufacturing 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 Ajay, the manager Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity.</p> <ul style="list-style-type: none"> Name the frame work, which the diversified organization should adopt, to enable 	4

	<p>it to cope with the emerging complexity? Give one reason in support of your answer.</p> <ul style="list-style-type: none"> State any two limitations of this framework. <p>Ans:- divisional structure</p> <p>Reason:- it leads to faster decision making, promotes flexibility and initiative .</p> <p>Limitations:-</p> <p>There may be conflict among the different divisions</p> <p>The cost is high.</p>	
15	<p>Preetha a home science graduate from a reputed college has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable price. She discussed her idea with her teacher(mentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the option to sell readymade and 'ready to make' vegetable shakes and suttu milk shakes. Then, they both weighed the pros and cons of both the shortlisted options.</p> <ul style="list-style-type: none"> Name the function of management being discussed above and give any one of its characteristics. Also briefly discuss any three limitations of the function discussed in the case. <p>Ans:- planning</p> <p>Limitations:-</p> <ol style="list-style-type: none"> Planning may not work in dynamic environment Planning reduces creativity Planning involves huge costs 	4
16	<p>Jose joins a marketing company through campus recruitment. During the course of induction training he realizes that the managers in the company hold frequent meetings. Also both suggestion box and complaint box are provided to the employees to facilitate two way communications, as a result there is marked transparency in operations of the company. Moreover, at regular intervals their actual performance is measured against the sales targets which are predetermined and assigned to each employees. This helps to take necessary action on time.</p> <ul style="list-style-type: none"> Name and explain the managerial functions which have been described in the above paragraph. List any two values that the company wants to communicate to the society. <p>Ans: Staffing and controlling</p>	4

	<p>Staffing is the process of selection of employees for the apt job and controlling is the process of checking that all the activities in the organization are done according to set plans.</p> <p>Values:-</p> <p>a) Involvement</p> <p>b) Respect</p>	
17	<p>Govind power Ltd set up a factory for manufacturing Solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks. The demand of lanterns was increasing day by day, so the company decided to increase production to generate higher sales. For this, they decided to employ people from nearby villages as very few job opportunities were available in that area. The company also decided to open schools and crèches for the children of its employees.</p> <ul style="list-style-type: none"> • Identify and explain the objectives of management discussed above. • State any two values which the company wanted to communicate to the society. <p>Ans: social objectives. It involves the creation of benefit for society. Every business non business organization has to full fill social obligation.</p> <p>Values :</p> <p>a) Employment opportunities</p> <p>b) Development of village area.</p>	4
18	<p>After completing his MBA in management, Vipin has joined ‘Singh Limited’ a company manufacturing of LED Lights. He observes that the work environment is very congenial and the flow of work is very smooth in the company. Moreover, on the last Friday of every month a birthday party is organized to mark the celebrations on behalf of all the employees whose birthday falls in that particular month. Also the cultural programme committee of the company keeps organizing various programmes from time to time which provides a platform to the employees to exhibit their talent in different fields like music, dance etc:-</p> <p>In context of the above case:</p> <p>a) Identify the type of organization being promoted by ‘Singh Ltd’ by organizing parties and cultural programmes for their employees.</p> <p>b) Also, state a disadvantage of the type of organization identified in part(a) of the question.</p>	4

	<p>c) List any two values that the company wants to communicate to the society.</p> <p>Ans: informal organization</p> <p>Disadvantage:- it may become a disruptive force when it spreads rumours.</p> <p>Values:- compassion</p> <p>Good working environment.</p>	
19	<p>Explain any four characteristics of business environment.</p> <p>Ans: - totality of external forces</p> <p>Specific and general forces</p> <p>Dynamic nature</p> <p>Inter – relatedness</p>	4
20	<p>Ranjeet is a labour contractor in Faridabad. He provides labour which is highly experienced and skilled in all types of construction work. But over the years, there has been a considerable drop in his business. This is primarily a result of his dogmatic approach towards his workers. He adopts the method of one – way communication and doesn't like to seek any advice or opinion from them. He always deducts the wages of workers or stop increments for any kind of discrepancies in their work with respect to the set targets.</p> <p>In the above context:</p> <ol style="list-style-type: none"> Identify the kind of the incentives being used by Ranjeet due to which the labour turnover of his business is high. Name and explain the style of leadership adopted by Ranjeet. State any two features of leaders <p>Ans: Negative incentive</p> <p>Autocratic leadership</p> <p>Ability of an individual to influence others</p> <p>It brings change in the behavior of others</p>	5
21	<p>With change in the consumption habits of people, Athira who was running a sweets shop shifted to chocolate business. One the eve of Diwali she offered chocolates in attractive packages at reasonable prices. She anticipated huge demand and created a website chocolove.com for taking orders online. She got lot of orders online and earned huge profit by selling chocolates.</p> <p>Identify and explain the dimensions of business environment discussed in the above statement and also explain any three characteristics of Business Environment.</p>	5

	<p><u>Ans:</u> social environment</p> <p>Technological environment</p> <p><u>Ans:</u> Characteristics: totality of external forces</p> <p>Specific and general forces</p> <p>Dynamic nature</p> <p>Inter – relatedness</p>	
22	<p>Briefly explain any five points highlighting the importance of directing as a function of management.</p> <p><u>Ans:</u></p> <ul style="list-style-type: none"> • It initiates action • Integrates employees efforts • It facilitate change • It seeks to realize optimum potential • Stability in the organization followed by explanation 	5
23	<p>Ranbir is working as a financial manager in a dairy products company. one of his key function starts with an estimate of the sales which are likely to happen in the next five years. Based on these, the financial statements are prepared keeping in mind the requirement of funds for investment in fixed capital and working capital. Then the expected profits during the period are estimated so that an idea can be made of how much of the fund requirements can be met internally i.e., through retained earnings. This results in an estimation of the requirement of external funds. Further , the sources from which the external funds requirement can be met are identified and cash budgets are made, incorporating these factors.</p> <p>In the context of the above case:</p> <ol style="list-style-type: none"> a) Identify the concept related to business finance being discussed in the above paragraph. b) State any five points highlighting the importance of the concept as identified in part(a) of the question. <p><u>Ans:</u> financial planning</p> <p>Importance:-</p> <ol style="list-style-type: none"> a) Avoids business shocks and surprises b) Avoids duplication and reduces wastages c) Link between present and future d) It helps for co – ordination 	6

	e) Link between investment and financing decision	
24	<p>Mr. Suksham Khan is the CEO of “Perfect Shoes Limited”. Before joining this company, he used to work as Management Expert. The peculiarity of Mr. Khan is that he observes very junior or senior person. He is not satisfied with the performance of the production department. This department discharges the functions of both production and stock. Both the Activities of the departments are in a state of chaos. Mr. Khan took personal interest to scrutinize this dismal state of affair. He found that shoes of several sizes were being made. Some of the sizes were not needed. As a consequences, there was wastage of material, machines and manpower. It was the biggest weakness of the department. During the survery of the production department, Mr. Khan also noticed that many persons while doing the work were making certain movements that were least needed. It slow down the pace of production. Mr. Khan was an experienced management expert. He knows that to utilize cent - percent production capacity of the employees they need be provided healthy and clean environment. He therefore, paid special attention of this aspect. Besides, he believes that whether male or female, they must be given equal facilities, equal rights and equal opportunities for promotion.</p> <p>a) By which technique of scientific management wastages occurring in production department can be prevented?</p> <p>b) Highlight the technique of scientific management used to enhance the pace of work in production department.</p> <p>c) Which principle of management is being followed here? Quote the lines.</p> <p>d) What value is being offered by the company to the employees?</p> <p><u>Ans:</u></p> <p>a) Wastage production can be prevented by the simplification of work.</p> <p>b) To increase the works in production department adopt Motion study.</p> <p>c) Besides he believes..... For promotion. Principle of Equity</p> <p>d) Awareness about environement.</p>	6
25	<p>State the steps in controlling function.</p> <p><u>Ans:</u></p> <p>a) Setting performance standards</p> <p>b) Measurement of actual performance</p> <p>c) Comparison of actual performance</p> <p>d) Analyzing the corrective action</p> <p>e) Taking corrective action</p>	6