

COMMON PRE-BOARD EXAMINATION 2017-2018**BUSINESS STUDIES****CLASS XII**

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- Check that this question paper contains 25 questions on 4 printed pages
- Write down the serial number of the question before attempting it.
- 15 minutes time has been allotted to read the question paper before the commencement of the examination.
- 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 about 200 words.
- Attempt all parts of a question together.

- 1 Manjima, who is from Bhopal doing BBA in Delhi University and she is staying in a hostel near to her college. She is allowed to contact her parents only in the evenings for 1 hour. One day when she started talking to her mother, immediately they were called by the in charge of the hostel. When she called her mother after some time she was asked to give her notebooks to a student who joined the same course late. She was very sad that she couldn't talk to her family members that day. She convinced her hostel matron and got permission to call again. By that time their dinner started. All students came out of their rooms and all started talking each other. Again she was not able to hear her mother properly. She ended the conversation by telling that she will call them the next day. What is the collective name of the hindrances that stopped her from communicating effectively to her mother? **1**
- 2 Tata International Ltd. earned a net profit of ₹ 50 crores. Ankit, the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. State any two factors which will help him in taking this decision. **1**
- 3 One of the objectives of management is to consistently create economic value for various constituents of the society. Give two examples of this objective of management. **1**
- 4 From the point of view of 'floatation costs,' which source of finance is appropriate to a company? **1**

- 5 Differentiate between standing plans and single use plans on the basis of its formulation. 1
- 6 What is meant by job enrichment as a type of non-monetary incentives? 1
- 7 Sarang purchased a refrigerator for ₹ 24,000 from an authorized dealer of the manufacturer with an oral guarantee that it will be replaced with a new one if any defect happens to it within 3 months from the date of purchase. The refrigerator's motor was burnt within a month of its purchase. On complaining, the dealer refused to replace the refrigerator. Name the redressal agency under consumer protection act where Sarang can file complaint. 1
- 8 Name the instrument which is unsecured, negotiable, and short-term, in bearer form, issued by commercial banks and development financial institutions. 1
- 9 Explain any six reliefs available to a consumer under Consumer Protection Act 1986. 3
- 10 Bravo Ltd. is an Iron and Steel manufacturing company. The Managing Director of the company Mr. K.R. Malhotra is planning to establish a new unit in which he will be installing a machine worth ₹ 25 lakh. Which type of financial decision is involved in the above case? Explain two factors which will be considered by Mr. Malhotra before taking such a decision. 3
- 11 Mr. Binal is working as a supervisor in a paper manufacturing company. He is a hard working employee of the firm and works both effectively and efficiently. Since he belongs to the state of Manipur, he has always faced linguistic problems while communicating with others from other states. Identify the communication barrier faced by Binal. Also explain other types of barriers that fall under the same category. 3
- 12 Variety Ltd. is a readymade garment manufacturing company which is planning to diversify into manufacturing of other related products like footwear, cosmetics, etc. Being a management expert suggest the most suitable organization structural design for the company. Also state four advantage which the firm will derive from your suggestion. 3
- 13 Identify and explain the element of marketing mix which affects the revenue and profits of the firm. Also explain any two factors determining this element. 3
- 14 Beni after completing her MBA, took up the job in a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work culture and the behavior of superiors was very good towards their subordinates. Beni was very happy in this organization but due to long working hours she did not have time to cook her meals. She had to depend upon outside food which was deteriorating her health. She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and 4

decided to give up her job to supply packaged home-cooked food to officegoers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.

- a. State the dimensions of business environment being discussed in the above mentioned case.
- b. Identify any two values being communicated by the company to the society in the above case.

- 15** Surabhi is a student of 10+2 (commerce) Class. She listened attentively and understood the lecture on Consumer Protection Act delivered by the teacher. Her teacher remarked that currently, consumers enjoy several rights. In case, goods purchased by him/her causes harm to his/her health and property, there is a provision for compensating him/her. Besides, this Act also has some expectations from the consumers that during the course of his/her purchase he/she should keep certain things in mind. Briefly, provisions of the Act can protect the consumer only when he/she has complied with certain fundamental things. **4**
- The very next day of this lesson, Surabhi purchased a Heater from Bharati Appliances. She made cash payment. But fails to get Cash Memo. While making use of the heater she observed that it was not working properly. She contacted the shopkeeper immediately and told him her problem. Shopkeeper paid no heed to her complaint. Rather he remarked that the good in question was not bought from his shop.
- a. Identify and explain the right and responsibility of the consumer as referred to in the above paragraph.
 - b. In addition to the right and responsibility of the consumer identified in point (a) write one more right and responsibility.
 - c. Can Surabhi lodge a complaint against the shopkeeper?
- 16** Neeraj is a managing director of 'Safe' Ltd., a company engaged in manufacturing of helmets. Neeraj realizes the importance of consumer protection and makes sure that company's products are as per prescribed quality standards. In order to increase the sale of company's products, Neeraj decided to employ intermediaries to move products from the place of production to the place of consumption. It will help the firm to reach large number of consumers who are scattered over a large area. **4**
- a. Identify the channel of distribution which Neeraj has decided to use.
 - b. Explain how market factors can affect the choice of channel of distribution by a firm.
- 17** Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Instead of appreciating him, Rahul's supervisor ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage. **4**
- a. The above paragraph describes one of the limitations of the planning function of management. Name and explain that limitation.
 - b. Explain any other three limitations of planning.
- 18** ABC Ltd. issued prospectus for the subscription of its shares for ₹ 500 crores in 2015. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. **4**

Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ₹ 5 crores and banned its three executive directors for dealing in securities market for three years.

- a. Identify the function and its type performed by SEBI in the above case.
- b. What are the other functions performed by SEBI under the same category?

- 19** Mrs. Rajlaxmi is working as the Human Resource Consultant in a firm that manufactures cosmetics, which is facing a problem of high employee turnover. The CEO of the company has invited suggestion from her for retaining the talented employees and 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 organisation.
- (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.
- 20** Babitha Ltd. is engaged in manufacturing machine components. The target production is 250 units per day. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 200-210 units per worker. **5**
- Name the function of management and identify the steps in the process of this function which helped in finding out that the actual production of a worker is less than the target set.
- 21** How are the shareholders of a company likely to gain with a debt component in capital employed? Explain with the help of an example. **5**
- 22** XYZ 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. As the demand of lanterns was increasing day-by-day, the company decided to increase production to generate higher sales. For this, they decided to employ people from a nearby village as very few job opportunities were available in that area. The company also decided to open schools and creches for the children of its employees. **5**
- (a) Identify and explain the objectives of management discussed above.
 - (b) State any two values which the company wanted to communicate to the society.
- 23** The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards, if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. **6**
- a. Name the function of management performed by GIPRA to maintain a satisfactory work force.
 - b. Identify and explain the two steps in the process of the function of management discussed above.
 - c. Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.

- 24** a. Explain Differential Piece Wage system with example. **6**
b. Differentiate between unity of command and functional foremanship
c. What is scalar chain?
- 25** Atul joins as a Regional Sales Head in the export division of a FMCG (fast moving consumer goods) company. In a departmental meeting, he asks one of his subordinates, 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. **6**
- In context of the above case:
- (a) Why is it important to delegate the authority? (3 points)
 - (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.