

**Class XII  
Business Studies(054) Practice Paper - 3 Session:  
2020-21**

**MM-80**

**Time: 3 hours**

**General Instructions:**

1. This question paper contains 34 Questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the Questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the Questions carrying 4 marks may be about 150 words.
6. Answers to the Questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

**Section-A**

Q1. "Each individual in the organization must know who he has to take orders from and to whom he is accountable." What process of organising is highlighted in this line?

- A. Division of work                      B. Departmentalisation  
C. Assigning duties                      D. Establishing a reporting relationship.

Q2. "The research and development of COVID-19 vaccine depends on the technology available in the country and political willingness to spend the public funds and resources on such research." Which feature of Business environment is highlighted here?

- A. Relativity                                  B. Uncertainty  
C. Complexity                                D. Dynamic

Q3. "All India Management Association(AIMA) and such other associations are there for practicing managers. But it is not compulsory for managers to be members of such associations nor does it have any statutory backing."

Identify the characteristics of the profession that management doesn't fulfil in the statement being discussed above.

- A. Ethical code of conduct
- B. Professional association
- C. Restricted entry
- D. Service motive

Q 4. "There is a sudden rise in the online transactions and online delivery of essential commodities and services due to COVID-19 pandemic. It is so because everyone wants contactless transactions, as far as possible."

Which dimension of the business environment is highlighted that leads people to do more online transactions?

- A. Social Environment
- B. Political Environment
- C. Legal Environment
- D. Technological Environment

Q 5. Name the process through which it is ensured that the right people with the right qualifications are available at the right place and time to accomplish the goals of the organisation.

- A. Planning
- B. Organising
- C. Staffing
- D. Directing

Q6. Jyotsna, an energetic entrepreneur, is engaged in manufacturing of designer sarees. She always keeps track of international news and current affairs. So in January, 2020 she was well aware of the fact that a deadly virus COVID-19 is about to hit masses globally. She procured the required raw material and other inputs in advance. She took this step as she got early warning signals of any future strict action taken by the government to fight with such pandemic.

What importance of the business environment is highlighted in the above case whereby Jyotsna procured raw material in advance?

- A. Getting first mover advantage
- B. Tapping useful resources
- C. Identify threats and early warning signals

D. Improving performance.

Q7. Which of the following is an element of Legal environment of business?

- A. Volume of export and Import
- B. Literacy rate in country
- C. Court Judgement
- D. Government intervention in Business

Q8. "A company wants to install a set of new machines in its factories. The top level management has to make policy regarding purchase of machinery and middle level management must be coordinated with, to interpret these policies, to make it operational. The operational level management then coordinates the activities of its workers to install the machinery in the factory."

What characteristic of coordination is highlighted in the above paragraph?

- A. Integrated group efforts
- B. ensures unity of action
- C. responsibility of all managers
- D. deliberate function

Q9. Puneet, a manager in a Multinational company, is aware of the fact that his performance standards are set and incentives are only given if he will meet the set standards.

What importance of controlling is highlighted in the above paragraph ?

- A. Improving employee motivation
- B. Ensure order and discipline
- C. Efficient use of resources
- D. Facilitate coordination in action

Q10. For better control, Key Result Areas (KRAs), are given more focus. It will help managers to exercise better control over the various activities. Which concept related to controlling is highlighted here ?

- A. Analysing Deviation
- B. Critical Point Control
- C. Management by Exception
- D. Taking corrective action.

Q11. .... determines the levels of management in the structure of organisation.

- A. Departmentalisation
- B. Division of work
- C. Duties assigned
- D. Span of Management

OR

.....is a framework within which managerial and operating tasks are performed.

- A. Organisation
- B. Organisational Structure
- B. Functional Structure
- D. Divisional Structure

Q12. Marketing is .....

- A. a social process
- B. selling process
- C. promotional Process
- D. distribution process

OR

PG India Ltd. is a leading electronics product manufacturer. PG India Ltd. brings a range of LED Television sets ranging from 32 inch screen to 65 inch screen with different price range. These TV sets are non smart and smart, HD ready and Full HD. Thus PG India Ltd. tries its best to meet the needs and preferences of the potential buyers. What function of marketing is used by PG India Ltd. ?

- A. Customer Value
- B. Exchange Mechanism
- C. Market Offering
- D. Needs and Wants

For Question no. 13 to 16: read the following paragraph:

Arun Ltd. wants to raise Rs. 5000 Crores from the Primary market for entering into a new segment of 5G telecom services in India. It hired the services of a renowned financial consultancy firm-Dhanpat Rai Pvt. Ltd. for suggesting the same. Dhanpat Rai Pvt. Ltd. suggested to offer 30% shares to existing shareholders prior to going public. As the company is doing the same in the past as well. Shares worth Rs. 2000 Crores were sold through the issuing house at an agreed price. It was also suggested to issue shares worth Rs. 1500 crores to some selected individuals. It helps to raise capital more quickly than a public issue. The proposal of Dhanpat Rai Pvt. Ltd. was accepted by the Board of directors of Arun Ltd.

Q13. Identify the method of floatation adopted by Arun Ltd. to issue its 30% shares.

- A. Offer for sale
- B. e-IPO
- C. Rights Issue
- D. Private Placement

Q14. Identify the method of floatation through which shares worth Rs. 2000 Crores were sold through the issuing house at an agreed price

- A. Offer for sale
- B. e-IPO
- C. Right Issue
- D. Private Placement

Q15. Identify the method of floatation through which shares worth Rs. 1500 crores to some selected individuals.

- A. Offer for sale
- B. e-IPO
- C. Right Issue
- D. Private Placement

Q16. The issue of shares worth Rs. 1500 crores to some selected individuals will result in a benefit of raising capital quickly than the public issue. What other benefit is offered by such an issue?

- A. It makes paper work less
- B. It reduces legal formalities
- C. It can bring more premium money
- D. It saves the issue related expenses.

(For Question No. 17-20) Read the following text and answer the following questions:

Tarun, a renowned Spice trader in khari-baoli, Delhi, developed a mix of spices which can be used both in cooking vegetables as well as can be used to make a healthy and immunity boosting drink as well. He named it as- "" He got its registration so that no duplicates could be made.

In the present times of Covid pandemic this spice mix sold like a hot cake. Tarun took advantage of the situation and set a high price as per the rising demand. Releasing the fact that the price is high and people will not buy large quantities, he makes packs of different weights ranging from 100g to 1 Kg. As the demand for his Spice mix was increasing, he shifted from 'selling it directly to customers' to 'involve agents at every state whereby wholesalers will buy it locally and and turn the stock will be bought by retailers and then it will be sold to customers.

Q17. What marketing related decision was taken by Tarun so that no one can make duplicates of its Spice mix ?

- A. Pricing
- B. Trademark
- B. Brand mark
- D. Advertising

Q18. What marketing related decision is taken by Tarun to make packs of different weights ?

- A. Packaging
- B Branding
- C. Labelling
- D. Pricing

Q19. What marketing related decision is taken by Tarun to sell the spice mix throughout the country?

- A. Product
- B.Pricing
- C. Physical Distribution
- D. Promotion

Q20. What way is adopted by Tarun to reach its increasing customer base?

- A. Direct Channel
- B. One-level Channel
- C. Two-level Channel
- D. Three-level Channel

**SECTION B**

Q 21. Mukesh opened the first fast food joint in Rohini. His burgers are very famous in that area. He got the first mover advantage and his business is doing very well. To earn higher profits, he started cutting the costs. He reduced the number of cooks and delivery boys. As a result, there would be a delay in delivery of food to customers.

Over a period of time, as more competitors entered the market, the demand for his food declined.

Whenever he would get orders which his staff could not handle, he outsourced the staff to complete the orders on time. This resulted in an increase in the cost of food.

Identify the aspects of management ignored by Mukesh. Explain this aspect with the help of an example.

Q 22. A call centre needs staff to satisfy the growing demands. In order to fill the vacancies, it has to undertake the process of selection to identify the most suitable people. State and explain the first three steps of the selection process.

Q 23. In the Controlling process, which step is performed after the Measurement of Actual Performance? Explain the two ways in which it is done.

OR

Suggest the corrective actions for each of the following, with reasons: defective material, defective machinery, and defective process of production.

Q 24. State and explain the money market instruments which :

- (i) are issued as zero coupon bonds.
- (ii) serve as a source of "Bridge financing".
- (iii) help in maintaining cash reserve ratio.

OR

The overall objective of SEBI is to protect the interests of investors. It controls insider trading and imposes penalties for such practices. State other three protective functions of SEBI.

**SECTION C**

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Q 25. The employees working on Aarogya Setu application are unable to work on it due to increasing subscribers. Suggest how can their skills and knowledge be increased so that they can handle their work independently. State any three benefits that the workers can derive through this.

Q. 26. Identify the non-financial incentives in the following cases:

- i) A computer training centre organises skill development programmes. They have a sound promotion policy to give more growth opportunities to the employees.
- ii) CashurDrive is an Outdoor Advertising Company. They ensure that employees make their work more meaningful. There are opportunities for personal growth. This results in an increase in motivation for the employees at the workplace.
- iii) Staff of an international school has been given autonomy to conduct online classes. They are involved in the decisionmaking process for conduct of examination. The positive outcome is the tapping of skills and talents of the employees to a higher degree.
- iv) Raghu Enterprises announces the name of the star employee who has the maximum sales for the month. The name of the employee is written on the notice board and his/her picture is flashed on the company website with the picture.

Q 27. Maslow believed that within every human being, there exists a hierarchy of five needs. Basic Physiological needs like food, clothing and shelter being the first, explain the other four needs in chronological order.

**OR**



Jyoti has recently been awarded as the most promising Sales Manager. She has helped her colleagues and subordinates restart various halted projects by removing their doubts and directing them at every stage. This has helped them achieve their targets on time. She guides her team so effectively that every single effort of every employee matters and is directed towards achievement of objectives. Jyoti is fun loving, jovial and very caring for her team. This has helped her to bring cooperation and commitment among her team members. She continues to overcome any resistance by the employees whenever any changes are introduced in the company. She gives them proper explanations and convinces them why it's important to incorporate changes. Her consistent efforts have been noted by the top level management and they see her as a promising employee who would take the company to a higher level. Identify the four points of importance of directing highlighted above by quoting the lines.

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Q. 28. What is Financial Management? What are the three important financial decisions taken by a Financial Management?

OR

'A Capital Budgeting decision is capable of changing the financial fortune of a company.'

Do you agree with this statement? Give reasons for your answers.

Q 29. Mahesh is engaged in Transport Business. He transports exotic fruits to various parts of the country. Stating the reasons in support for your answer, identify the working capital requirements of Mahesh. Mahesh also wants to expand and diversify his transport business. Explain any two factors which would affect his fixed capital requirements.

Q 30. Explain any two reliefs that the Consumer Court can grant to consumers in case of genuine complaints in each of the following situations:

- i) Anuradha was charged more than the printed price for a NCERT Business Studies book, since it was in short supply.
- ii) Mukesh was sold a truck with a defective engine.
- iii) Shankar suffered injury while using a newly bought defective electric iron.

SECTION D

Q 31. Match the following on the basis of effect:

<u>S. No.</u>	<u>Column 1</u>	<u>S. No.</u>	<u>Column 2</u>
<u>a</u>	<u>Division of work</u>	<u>i</u>	<u>Ensures congenial atmosphere</u>
<u>b</u>	<u>Discipline</u>	<u>ii</u>	<u>Specialisation</u>
<u>c</u>	<u>Remuneration of Employees</u>	<u>iii</u>	<u>Invites penalty if violated</u>

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Explain each of these principles in your own words.

Q 32. Defining 'Organisational objectives' is the first step in the process of planning. Explain in brief, the other steps of this process.

OR

In spite of the best efforts of managers, sometimes planning fails to achieve desired results due to its limitations. Explain the limitations of planning.

Q 33. Arun Electronics has been increasing its profits exponentially. The company decided to change some of its policies. The decision making authority was handed over to lowermost employees. This turned out to be beneficial for the company. The employees felt a lot of development in their skills. They could manage things on their own. The production of the company also increased. The top

management of the company Mr Arun Sethi and his brother could now focus on new innovations.

However this was short lived. The company's manufacturing branch could not fulfill even half of its production targets. The Operations Manager was held responsible for this. His plea was that his right to command the workers was inadequate.

The top management gave more powers to him and this ensured better control.

i) Identify the concept of management highlighted here.

ii) List any five points of importance of this concept.

Q 34. On the basis of a) meaning, b) main focus, c) means and d) ends differentiate between 'Production Concept' Philosophy and 'Product concept' Philosophy.

OR

"Money spent on Advertising is not a waste but an investment."

Do you agree with this view? Give reasons in support of your answer.