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**Class XII
Business Studies
Post Mid Term Exam 2023-24
Set B1**

Maximum Marks: 80

Time Allowed: 3 Hours

General instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Attempt all parts of the questions together.

SECTION A

1. STATEMENT I: Financial planning is essentially the preparation of financial blueprint of an organisation's future operations. ✓ 1

STATEMENT II: Financial planning is done only for long-term and focuses on capital expenditure programmes only.

Choose the correct option from the options given below:

- (a) Statement I is true and Statement II is false.
(b) Statement II is true and Statement I is false.
(c) Both the statements are true.
(d) Both the statements are false.
2. Assertion: The various marketing methods used by a business firm can increase the price of a product. ✓ 1
Reason: Increase in the number of sales people employed, quality of packaging and amount of credit extended to the customer increases the overall expenditure of the firm.
(a) Both Assertion and Reason are true and Reason given is the correct explanation of Assertion
b) Both Assertion and Reason are true but Reason given is not the correct explanation of Assertion.
c) Assertion is true but Reason is false
d) Assertion is false but Reason is true
3. 'Burgers and Fudge' was among the first fast food chains in India which pioneered the concept of family style restaurants. However, over the years it started losing business to 1

multinational food chains like McDonalds and Pizza Hut, etc. and soon had to shut down. The reason to shut down was the inability of managers to identify, understand, evaluate and to react to the forces external to their firm.

Why did 'Burgers and Fudge' fail?

- (a) They did not have resources to carry on with the business ✓
(b) They failed to identify opportunities and get first mover advantage. ✗
(c) They could not identify threats and early warning signals. ✓
(d) They understood the social environment influencing business and decided to discontinue fast food ✗
4. 'Managing public opinion of an organisation is an important task performed by the marketing department.' It is included under which of the following element of marketing mix? 1
(a) Product mix
(b) Place mix
(c) Price mix
(d) Promotion mix ✓
5. From 2003, all transactions in securities are to be settled within two days after the trade date. This system is known as: 1
(a) Rolling settlement system ✓
(b) Rotational settlement system
(c) Automatic settlement system
(d) Mutual settlement system
6. Which of the following is not an example of economic objective of management? 1
Survival, growth, profit
a) Ravi is working hard to ensure there is enough revenue earned by his factory so that costs could be covered. ✓
b) Drishti has decided to increase salary of her managers, keeping in mind their good performance.
c) Sanchit has reached Africa to find the possibility of opening a new branch of his business there
(d) Both b and c ✓
7. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc. It has now decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed in the above case? 1
(a) Long-term investment decision ✓
(b) Short-term investment decision
(c) Dividend decision
(d) Financing decision

8. STATEMENT I: The nature of corrective action required depends upon the extent of deviation from the standards. ✓
STATEMENT II: Controlling is a prerequisite for planning.

Choose the correct option from the following:

- (a) Statement I is true and II is false
(b) Statement II is true and I is false
(c) Both the statements are true
(d) Both the statements are false
9. The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving. The function performed by the label in the above case is :
(a) Describing the product and specifies its contents. ✓
(b) Identification of the product or brand.
(c) Helping in promotion of products.
(d) Providing information required by law.
10. Which of the following statements is true?
1. Cooperation in the absence of coordination leads to wastage of efforts. ✓
2. Coordination in absence of cooperation leads to enhanced satisfaction among employees. ✓
a) Only 1.
b) Only 2
c) Both 1 and 2.
d) Neither 1 nor 2. ✓
11. The principles of management are said to be flexible as :
(a) they aim at influencing behaviour of human beings. ✓
(b) they are general guidelines to action, but do not provide readymade solutions to management problems. ✓
(c) they can be modified by the manager when the situation so demands.
(d) their application is dependent upon the prevailing situation at a particular point of time.
12. Which of the following functions of management completes one cycle of management process and improves planning in the next cycle?
(a) Organising
(b) Staffing
(c) Directing
(d) Controlling ✓

13. STATEMENT I: For products requiring long term storage like agricultural products, the warehouses are located near to the market.

STATEMENT II: Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high.

Choose the correct option from the following:

- (a) Statement I is true and II is false
 - (b) Statement II is true and I is false
 - (c) Both the statements are true
 - (d) Both the statements are false
14. With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here? 1
- (a) Political Environment
 - (b) Technological Environment
 - (c) Economic Environment
 - (d) Social Environment

15. Which of the following is not a disadvantage of functional structure of organisation? 1
- (a) Less emphasis on overall enterprise objectives than the objectives pursued by a functional head.
 - (b) A conflict of interests may arise when the interests of two or more departments are not compatible.
 - (c) May lead to increase in costs since there may be duplication of activities across products.
 - (d) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.

16. STATEMENT I: Electronic holdings can be converted into physical certificates with the process of dematerialisation. 1

STATEMENT II: There is no danger of theft, loss or forgery of share certificates in dematerialisation.

Choose the correct option from the following:

- (a) Statement I is true and II is false
- (b) Statement II is true and I is false
- (c) Both the statements are true
- (d) Both the statements are false

17. MNCs of the whole world find it easier nowadays to open their offices in country Y due to the favourable mind set of the current government. It is believed that in the coming time majority of the multinational companies who are counted among top 100 would be opening their offices here. This will result in increase in income of the common people which will also result in the demand of products of superior consumption. Which dimensions of business environment are highlighted here?

1. Social
- ✓ 2. Political
3. Economic
4. Technological

a) 1,2.

✓ b) 2,3.

c) 1,3.

d) 1,4.

18. Match the following tools of promotion with their explanation and choose the correct option

A	It is undertaken by some identified person /company who makes efforts and bears the cost of it.	1	Personal selling
B	It plays an important role at the awareness stage and develops product preferences with the aim of making sale.	2	Sales Promotion
C	It helps in managing public opinion and company's relation with the public on regular basis.	3	Advertising
D	It uses tools specifically designed to promote to customers, middlemen and to salespersons.	4	Public Relations

- ✓ (a) A (3), B (1), C (4), D (2)
- (b) A (1), B (3), C (4), D (2)
- (c) A (2), B (3), C (4), D (1) ✓
- (d) A (2), B (4), C (1), D (3) ✓

19. Venus is an owner of a shoe making company. Recently he got an order to make 10000 pairs of shoes. Venus and his team were asked to deliver the order before 31st December and at a cost not more than Rs. 100 per pair. The shoe quality was told to be kept at least 8 on a quality scale of 1 to 10. He was asked to manufacture zero defect shoes. His team fulfilled the order by 25th December, incurred cost of Rs. 120 per pair. The quality of shoe

stood at 9 on the quality scale of 1 to 10. There was no defect in shoes. Which of the following is true?

- Venus and his team were
- a) Effective, not efficient.
- b) Efficient, not effective.
- c) Both effective as well as efficient.
- d) Neither effective nor efficient.

20. After adopting New Economic Policy the Government reduced the number of industries under compulsory licensing to six. The new economic reforms brought changes in the buying patterns of the people of India. The customer became more demanding and powerful because of availability of more options. Which feature of business environment is indicated above?

- a) Totality of external forces
- b) Interrelatedness
- c) Dynamic nature
- d) Uncertainty

SECTION B

Hema is one of the most successful managers of her company, 'Kobe Ltd'. She uses her creativity and initiative in handling challenging situations at work. The knowledge gained by her during her student days at a renowned management institute as well as through her observation and experience over the years is applied by Hema in a skilful manner in the context of the realities of a given situation. She often reads books and other literature in various fields of management to keep her knowledge updated.

Identify the nature of management based on the practices of Hema. Give any two reasons for your answer.

OR ① goal oriented process.

Pallavi started a wedding planner company 'Dreams Unlimited' in 2016 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation. The way Pallavi was managing her business highlights some of the features of management. By quoting lines from the above paragraph, explain any two such features.

Banwari Lal is a cloth merchant in Karol Bagh. His grandsons are requesting him to let them diversify the business into bridal wear. Banwari Lal has agreed but on the condition

persuasive
continuous
group
multidimensional

based on
creativity
practice

② Dynamic process
achievement of goal

personalised body
of knowledge

of adventures

Controlling

that they will follow the function of management he has always followed, which helps an organisation in keeping track of the progress of activities and ensures that the activities conform to the standards set in advance so that the organisational goals are achieved. Name the function of management which Banwari Lal is asking his grandsons to follow. List any two reasons why it is considered an indispensable function of management.

23. Resolutions 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 as they have to work overtime and on holidays as well to cater to the demand. The work stress has led to dissatisfaction among the employees of the marketing department.

Name and explain the step of staffing process which has not been performed properly. Also, explain the immediate next step in the process of staffing.

24. State any three objectives of 'Securities and Exchange Board of India'. 3

State any three functions of Stock Exchange. Or providing liquidity & marketability to existing shares, providing scope for speculation, pricing of shares, contributes to economic growth. SECTION C

25. What is the meaning of Directing? State any three points of importance of Directing as a function of management. 4

OR

What is the meaning of motivation? State the features of motivation as an element of Directing.

26. Frequent transfer of employees often reduces the productivity of the organisation, still it is being used as a good source of filling the vacancies internally. Why? State any four reasons. 4

Or

Ali Mohammad the CEO of Super Ltd believes that human resource is the most important asset of the firm. He believes that no organisation can be successful unless it can fill and keep filled the various positions provided for in the structure with the right kind of people. Identify the function of management being discussed above and state three benefits to the organisation that its proper application in the firm will ensure.

(b) Briefly elaborate, any two reasons, behind the 2030 Agenda for Sustainable Development and its SDGs, by the Indian Government.

4

heard informed consumer education
medicinal
chaste

Aman a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started, in which 111 trees are planted every time a girl child is born. To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products. However, on visiting the village Aman found the products were being sold without any standardisation mark. The aloe vera juice was being sold in open bottles and after testing it was found to be contaminated and adulterated. The inhabitants of the village did not find anything wrong in the practices.

Aman decided to set up an NGO, 'Awaz', and publish a weekly journal- 'Upbhogta Adikar' for creating awareness amongst the people of Piplantri along with his commercial venture. Identify the consumer right being exercised by Aman.
State any three functions that the organization established by Aman will be performing in the above context.

'A.M. Motors Ltd.' is a leading company in car manufacturing. Due to the changing environment and initiatives taken by the Government of India, the company wants to enter into manufacturing of e-cars also. For this project the company requires ₹2,000 crore. But before purchasing the machines and other assets, the finance manager has to assess the degree of risk involved in the project as this type of decision affects the earning capacity of the business over the long run. Besides this, there are various other factors which may affect this decision of the finance manager.

- (i) Identify and state the financial decision discussed in the above para.
(ii) State any two factors that may affect the decision of the finance manager identified in (i) above.

Alka is working in the Accounts Department of 'Modern Locks Ltd'. Her mother is not well and to attend to her she wanted to take leave for one week. For this, she went to the Senior Accountant, Manoj and discussed her problem. At that time Manoj was simultaneously checking the Balance Sheet of the company. Since his mind was preoccupied in some work, he did not listen to Alka attentively and could not understand her problem. Alka was quite disappointed with the behaviour of Manoj.

- (a) Identify the type of communication barrier discussed above - psychological - lack of attention
(b) Also explain any three barriers of the same type.

Srijan, after completing his bachelor's degree in culinary arts from a reputed institute, took over his family restaurant specialising in South Indian dishes. This business was promoted by his grandfather many years back in the form of a company. Now he wants to get the restaurant renovated to open a special section for bakery products. It is estimated that an investment of ₹5 crore will be required to execute this plan. At present the cash flow position of the company is not strong and fixed operating costs of business are also high. Keeping in view the above situation, name with two reasons, the source of finance which Srijan should choose for modernization and expansion of his business. Also explain one

Risk

~~Investment~~
28.
Risk
Capital Budgeting
Decision

cost of project
4
fruits:
criteria
involved
Rate of return

Disrupt
Loss by
reduction
of plan
relation

29.

30.

4

4

order
 authority
 central
 discipline
 personnel
 central &
 direction
 initiative
 remuneration
 equity

Teamwork
 Method
 Standardisation
 & simplification
 time
 motion
 fatigue
 Differential

more factor, apart from those stated above which Srijan should keep in mind while taking this decision.

SECTION D

31. Name and explain with a suitable example the techniques of Scientific Management given by Taylor, with the objective of; 6
- determining the number of workers to be employed for a task.
 - differentiating between the efficient and the inefficient workers.

Or

X Soniya Ltd. was engaged in the business of manufacturing Auto components. Lately, its X business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superior. The workers were becoming undisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane.

- Identify three principles of general management which were begin violated, quoting the lines from the above case. *Discipline, Espirit de corps, unity of command*
- Explain any three points of significance of principles of management in a business organisation? *Flexibility, universal adaptability, smooth functioning*

budget
 procedure
 method
 rule

32. An Auto Company, Win Ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. 6

Rule → Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting.

The following decisions were taken in the meeting:

- to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year.
- to change the criteria for choosing vendors for procuring supplies;
- tenders will be invited for choosing the vendors for supplying raw materials; *method*
- to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management. *standing*

- What are standing plans and single use plans?
- Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines.

35.

Ginika, Tanish and Rohit were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc. 6

Societal
selling
marketing

In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She told that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas she was not doing so. Tanish told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same. Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers.

Identify and explain the various types of thinking/ philosophies that guided Ginika, Tanish and Rohit individually in the marketing efforts of their business.

34.

Centralisation and decentralisation are relative terms, as seen from the existing status of various business enterprises. 6

In the light of above statement answer the questions that follow;

1. State the key difference between centralised and decentralised organisations?
2. To what extent can an organisation be fully centralised or decentralised?
3. Why is decentralisation considered an important aspect of organisational structure? (Any three points)

Or

How are functions arranged within a division in a divisional structure? In what ways does a divisional structure assist organizations in managing complexity?