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SET 1

**ALL KERALA COMMON MODEL EXAMINATION
BUSINESS STUDIES (055)
CLASS XII (2023-24)**

TIME: 3 Hours

MAX.MARKS: 80

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.

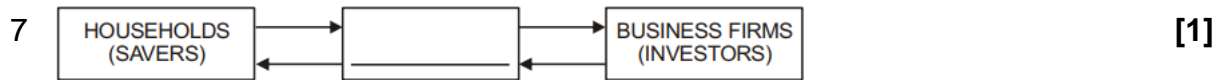
Section A

- 1 Digital Pvt. Ltd. is a mobile manufacturing company. The manager of the company observed that the market is dynamic and a lot of changes were taking place in the mobile market and hence, the risk of the product becoming obsolete is high. The designs of the phones are governed by requirements and preferences of the customers. He started incorporating new and advanced features taking clue from the consumers and with the help of his workers. Identify the characteristic of management highlighted in this case. **[1]**
- a) Management is a dynamic function
b) Management is multi - dimensional
c) Management is a goal - oriented process
d) Management is a group activity
- 2 Dipti has 1000 equity shares of a company. She wants to sell 500 of these shares. Which market should she approach? **[1]**
- a) Capital Market b) Stock Market
c) Money market d) Primary market

- 3 Planning is the most challenging activity for the management as _____. **[1]**
1. it guides all future actions leading to growth and prosperity of the business.
 2. specific goals are set out in the plans along with the activities to be undertaken to achieve the goals.
 3. if there was no planning, employees would be working indifferent directions and the organisation would not be able to achieve its desired goals.
 4. None of these
- a) option (c)
b) option (d)
c) option (a)
d) option (b)
- 4 The process of estimating the fund requirements and their availability is sought to be achieved by _____. **[1]**
- a) Trading on Equity
 - b) Financial planning
 - c) Capital Structure
 - d) Financial management
- 5 Which one of the following is not the importance of controlling? **[1]**
1. Judging accuracy of standard
 2. Facilitates coordination in action
 3. Ensuring order and discipline
 4. Clarity in a working relationship
- a) iii and iv
b) ii and iii
c) only iv
d) only i
- 6 Identify the principle of general management depicted in this picture. **[1]**



- a) Esprit De corps
- b) Orders
- c) Unity of direction
- d) Unity of command



- a) Customers
- b) Government
- c) Financial markets
- d) Business

8 This is a method of training in which actual work environments are created in a classroom and employees use the same materials, files and equipment. This is usually done when employees are required to handle sophisticated machinery and equipment. [1]

- a) Apprenticeship programmes
- b) Induction training
- c) Internship training
- d) Vestibule training

9 Which of the following statements is false regarding financial management? [1]

- a) Aims at reducing the cost of funds procured.
- b) Facilitates price discovery for securities of company.
- c) Is concerned with optimal procurement as well as usage of finance.
- d) Aims at ensuring availability of enough funds whenever required.

10 **Assertion (A):** Functional Departmentalisation means grouping of activities of similar nature under one department. [1]

Reason (R): It is beneficial to all kinds of organisations.

- a) Both A and R are true and R is the correct explanation of A.
- b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false.
- d) A is false but R is true.

- 11 Which of the following falls in the Category of Zero Coupon Bond? [1]
- a) Certificate of Deposit
 - b) Commercial Paper
 - c) Commercial Bill
 - d) Treasury Bill
- 12 Dividend per share is not altered if the change in earnings is small or seen to be temporary in nature. The increase in dividends is generally made when there is confidence that their earning potential has gone up and not just the earnings of the current year. The factor affecting dividend decision highlighted in the above para is _____ [1]
- a) Stability of dividend
 - b) Cash flow position
 - c) Amount of earning
 - d) Stability of earning
- 13 **Statement I:** Nongovernmental organisations are non - profit organisations which aim at promoting the welfare of people; they have a constitution of their own and are free from government interference. **Statement II:** Every order of a district commission, the state commission or the national commission is deemed final if no appeal for such order is made by any of the parties involved in dispute. [1]
- a) Statement II is correct and Statement I is not correct.
 - b) Statement I is correct and Statement II is not correct.
 - c) Both the Statements I and II are not correct.
 - d) Both the Statements I and II are correct.
- 14 Amaya wants to start her own cafe. Her long - term goal is to get 40% of the market share. For this she gathered information and made forecasts about the potential demand, purchasing power of the consumers as well as preferences of the consumers and government policy towards this business, etc. By doing this, Amaya had completed some steps in the [1]

process of planning. Choose the step in the planning process that Amaya has to follow next:

- a) Setting objectives
 - b) Developing premises
 - c) Evaluating alternative courses
 - d) Identifying alternatives courses of action
- 15 Higher working capital usually results in: [1]
- a) lower current ratio, higher risk and profits
 - b) lower equity, lower risk and higher profits
 - c) higher equity, lower risk and lower profits
 - d) higher current ratio, higher risk and higher profits
- 16 **Statement I:** Under the Product concept of marketing management, greater emphasis was placed on improving the production and distribution efficiency of the firms. **Statement II:** Product improvement became the key to profit maximisation of a firm, under the concept of product orientation. [1]
- a) Statement II is correct and Statement I is not correct.
 - b) Statement I is correct and Statement II is not correct.
 - c) Both the Statements I and II are not correct.
 - d) Both the Statements I and II are correct.
- 17 In 2019 alone, Swiggy has launched operations in 300 towns and cities. Swiggy follows a two - step sequence while expanding to a small town. First, it provides more laborious training to restaurants and delivery partners compared to their counterparts in the city. Second, it focuses on building scale in operations and increase the restaurant's reach to a larger base of consumers, including optimizing kitchens, resource planning among others. Identify the type of plan being described in the above lines. [1]
- a) Procedure
 - b) Method
 - c) Programme
 - d) Strategy
- 18 Match the following activities in column I with their respective levels of management in column II: [1]

(a) Top Management	(i) Introducing a new product line and deciding the capital structure of the company.
(b) Middle Management	(ii) Recruitment of casual labourers.
(c) Supervisory or Operational Management	(iii) Devise a suitable advertising campaign to sell a new product/service a company is launching.

- a) (a) - (i), (b) - (iii), (c) - (ii)
- b) (a) - (iii), (b) - (ii), (c) - (i)
- c) (a) - (ii), (b) - (i), (c) - (iii)
- d) (a) - (i), (b) - (ii), (c) - (iii)

19 A decision to acquire a new and modern plant to upgrade an old one is a: **[1]**

- a) None of the above
- b) Investment decision
- c) Working capital decision
- d) Financing Decision

20 Management by exception refers to: **[1]**

1. Controlling significant deviations
2. Focus on Key result areas
3. Check on each and every activity
4. Keep control of everything

- a) only ii
- b) only i
- c) iv and i
- d) iii and iv

21 Management has evolved like other disciplines. There are umpteen numbers of books of management. One can see that the various theories of management are getting absorbed in the competitive work environment. We can see students of various courses like MBA, BBA, etc. acquiring learning of the systematic knowledge in their syllabus. When these students come in the actual industry environment, not all of them are **[3]**

successful. Success in actual work environment depends upon the intelligent application and mastery of the basic principles of management. Today various companies are considering them as responsible components of society and have started including Corporate Social Responsibility in their main program. These companies have realised that they will be requiring support from Government and people if they want to achieve some important feats in this field. In the above paragraph one feature of science, art and profession has been discussed. Identify each of them.

- 22 Mr Fernandes is the owner of Unibie Enterprises, carrying on the business of manufacturing electrical appliances. There is a lot of discontentment in the organisation and targets are not being met. He asked his son, Michel, who has recently completed his MBA, to find out the reason. Michel 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. [3]
1. Identify any two communication barriers because of which 'Unibie Enterprise' was not able to achieve its target.
 2. State one more barrier each of the types identified in part above.

OR

Rahul, manager recognises that subordinates perform best if they have set their own objectives. He respects their opinion and supports them to perform their duties and accomplish organisational objectives. Which leadership style is Rahul using? Explain using a diagram.

- 23 Name the three Financial Decisions of Financial Management. Explain them. [3]
- 24 Explain the following rights of a consumer as provided under Consumer Protection Act 1986: [3]
1. Right to choose; and
 2. Right to consumer education.

OR

Jolly bought an Anti - dandruff Shampoo of a reputed company which claimed to contain zinc pyrithione (ZPTO) to control dandruff. When the product did not show the promised results even after regular use for two months she discussed the problem with his aunt Dolly who is a dermatologist. Dolly told him ZPTO is an anti - fungal agent, meaning that only dandruff caused by a fungal infection could be 'cured.' But to Jolly's surprise, this condition was not mentioned in the shampoo case. In the context of the above case:

1. Identify and explain the consumer right being violated in the above case.
 2. List any two other consumer rights.
- 25 ABC Ltd. has a plan of increasing profits by 20%. It has devoted a lot of time and money to this plan. But the competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre - decided plan. It caused losses to the company. Explain any two limitations of planning highlighted in the above case. Also, quote the lines from it. [4]

OR

A jeans manufacturing company wants to become a market leader. For this, detailed planning is done. The first step is to set targets for the three months duration of selling the maximum number of jeans in the market which they set as ₹ 1,00,000. The team does not want to make any mistake. So they decided to do proper planning. They decide to chalk out alternate plans so that they could arrive at the best possible plan. However, the team is surrounded by doubts. To remove doubts it goes for judging the plans to get the most profitable one. The plan is taken to the whole organisation and the concerned persons and the best plan is finalised. Finally, it is put into action. Without much caring for the results, the company starts working on the other project simultaneously.

1. Identify the steps involved in the process of planning which has been applied by the organisation in the above case by quoting the lines.
 2. Identify the steps of the planning process which have not been indicated.
- 26 Abhishek Limited is engaged in manufacturing of Air Purifiers. The target production is 500 Air Purifiers in a week. Over the last few months, it has been observed by the Production Manager that the weekly production target was not achieved. Identify the function and explain any two points of its importance. [4]

OR

'AS Ltd.' a large company engaged in assembly of air - conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air - conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air - conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air - conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through CCTV that some of the workers were busy in gossiping.

1. Identify the function of management discussed above.
 2. State those steps in the process of the function identified which are discussed in the above paragraph.
- 27 Hritik is desirous of setting up a small factory to manufacture different kinds of eco - friendly packaging materials. He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in a tremendous saving of human energy as well as wastage of time and materials. He plans to adopt a paternalistic style of management in practice in order to avoid any kind of class - conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business. In the context of the above case: [4]
1. Identify and explain the various principle of scientific management that Hritik plans to apply in his business.
- 28 Neha was a regional sales manager in 'Good Look Garments Ltd. 'for ten years. On the retirement of the marketing manager, Neha applied for the same post as she was extremely ambitious and had dedicated all her energies to obtain the post of a marketing manager. However, the top management of the company decided to fill this post by selecting a better person from outside the company. Because of this Neha was heart - broken and her performance declined. When the new marketing manager joined, one of her major problems was how to motivate and inspire Neha to her former level of performance. Suggest any three non - financial incentives that the new marketing manager may use to motivate Neha. [4]
- 29 Explain the developmental functions of the Securities and Exchange Board of India (SEBI). [4]
- 30 VOICE is an important consumer organization. It organized workshops in the months of December in Delhi/NCR for consumers. The theme was 'Organic Food - From Farm to Plate', to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food, that contains chemicals and pesticides to organic food. Expert speakers from the farmer's community explained the harmful effects of the usage of pesticides in farming and the importance of organic food. People were informed that the organization regularly tests samples to detect adulteration like the presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine 'Consumer Voice' to make people aware of the quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy. State the functions performed by the Consumer Voice for the protection and promotion of consumer interest by quoting lines from the above para. [4]

- 31 Nishant, the director of a garment company, is planning to manufacture bags for the utilization of waste material from one of his garments unit. He has decided that his manufacturing unit will set - up in a rural area of Odisha where people have very few job opportunities and labour is available at very low rates. He also thought of giving equal opportunities to men and women. For this, he wanted four different heads for sales, accounts, purchase, and production. He gave an advertisement and shortlisted ten candidates per post after conducting different selection tests. [6]
1. Identify and explain the next three steps for choosing the best candidate out of the shortlisted candidates.

OR

Moga Industries Ltd. approached a well - established university in the city of Madurai to recruit qualified personnel for various technical and professional jobs. They selected Tanya, Ritu, Garima, and Chetan for various vacancies in the organization. After the selection and placement, 'Moga Industries Ltd.' felt the need to increase the skills and abilities, and the development of a positive attitude of the employees to perform their specific jobs better. The company also realized that learning new skills would improve the job performance of the employees. Hence, the company decided to take action for the same.

1. Name the step of the staffing process regarding which the company decided to take action.
 2. State the benefits of the action to Moga Industries Ltd.
- 32 Naman and Govind after finishing their graduation under the vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on a commission basis. They also thought of providing tickets within ten minutes through the use of the internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested them to first analyze 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 that may hinder their business performance. He emphasized 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. [6]
1. Identify and state the component of the business environment highlighted in the above Para.
 2. State any two features of the business environment as discussed by Professor Mehta with Naman and Govind.
 3. Also, state two points of importance of the business environment as stated by Professor Mehta in the above situation.

OR

On 8 November 2016, the Government of India announced the demonetization making all Rs. 500 and Rs. 1,000 banknotes of the Mahatma Gandhi Series invalid past midnight. The government claimed that the action would curtail the use of illicit and counterfeit cash to fund illegal activity and terrorism. The BSE SENSEX and NIFTY 50 stock indices fell over 6 percent on the day after the announcement. The decision was heavily criticized by members of the opposition parties, leading to debates in both houses of parliament and triggering organized protests against the government in several places across India. People seeking to exchange their banknotes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. After demonetization, the demand for point of sales (POS) or card swipe machines has increased. E - payment options like PayTM have also seen a rise. In the context of the above case:

1. Identify and explain the various dimensions of the business environment which relate to the above - mentioned case.
- 33 As the head boy and head girl of Trakashay Public School', Deepak Chugh and Deepika Chawla have been given the responsibility of hosting the Teacher's Day programme in the school. In order to conduct the programme in a systematic way, Deepak and Deepika first called a meeting of the student council. In the meeting, they decided about the content of the programme after taking into consideration the different available alternatives and choosing the best alternative among them. Then the various tasks required to be performed were identified and divided in accordance with a predetermined schedule made by them. After that, they grouped the similar activities into main groups as skit group, choir group, instrumental music group and contemporary dance group. Then each group was placed under the charge of a council member in accordance with his/her skills and competencies. These council members were in turn informed that they have to take orders and will be accountable only to Deepak and Deepika so as to facilitate coordination amongst various groups. In the context of the above case:
1. Identify and explain the functions of management are discussed.
 2. Describe briefly any two points highlighting the importance of each of the functions of management as identified in part (a) of the question.
- 34 Rupali intends to start an enterprise that produces chocolates. Initially, in order to assess the taste and preferences of the people about the chocolates. She used social media and online surveys. Thereafter, she prepared a detailed SWOT (strengths, weaknesses, opportunities and threats) analysis of her enterprise to devise a strategy that will give her an edge over the competitors. Based on her analysis of the market, she decided to launch sesame and jaggery based chocolates under the brand name 'Desi Delight'. She has decided to fix up the price of chocolates relatively at lower level in the beginning and later on as the demand picks up she may revise the prices. In the context of above case Identify the

elements of marketing mix being taken into consideration by Rupali.

1. Explain briefly the functions of marketing highlighted here.
2. Do you think she has selected an appropriate brand name for her product? Why or why not? Give a reason for your answer.
