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SET 3

**ALL KERALA COMMON MODEL EXAMINATION  
BUSINESS STUDIES (054)  
CLASS XII (2023-24)**

TIME: 3 Hours

MAX.MARKS: 80

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**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 Treasury bill is issued by: **[1]**

1. development of the financial institution
  2. commercial bank
  3. selected individuals
  4. reserve bank of India
- a) iii and iv
- b) only iv
- c) ii and iii
- d) i and ii
- 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 management followed in the following pictorial

[1]



representation.

- a) Unity of Direction
- b) Unity of Decision
- c) Unity of Commanding agent
- d) Unity of Work

7 Secondary market deals with the \_\_\_\_\_ of existing securities.

[1]

- a) Purchase - sale
- b) Stock
- c) Purchase
- d) Sale

8 Veena is HR manager of Ankit Garments Ltd. The demand for the company's products is on the rise, whereas the company is unable to meet the rising demand. Veena conducts workload and workforce analysis and finds that the organisation is under - staffed, which is the reason behind less production of output. What step or action, Veena should undertake before starting the recruitment process?

[1]

- a) Both job description and candidate profile
- b) Job description

- c) Estimating manpower requirements
- d) Candidate profile
- 9 Which of the following statement is false? [1]
1. Fixed Assets should never be financed through short - term sources.
  2. Labour intensive organisation require less fixed capital.
  3. Higher growth of an organisation requires less fixed capital.
  4. Working capital affects both the liquidity as well as profitability of a business.
- a) option (c)
- b) option (a)
- c) option (d)
- d) option (b)
- 10 **Assertion (A):** Assignment of Duties is the third step in the process of Organising. **Reason (R):** Duties are assigned to the employees by giving them a document called Job Description. [1]
- 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 statements is [1]
- Not true for primary market?
- a) There is no fixed Geographical location.
- b) Only buying of securities takes place, securities cannot be sold there.
- c) It directly promotes capital formation.
- d) Prices are determined by demand and supply of the security.
- 12 **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 [1]

deemed final if no appeal for such order is made by any of the parties involved in dispute.

- 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.
- 13 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 \_\_\_\_\_.
- a) Stability of dividend
  - b) Cash flow position
  - c) Amount of earning
  - d) Stability of earning
- 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 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:
- 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:** The important decision areas under physical distribution include managing inventory (levels of stock of goods), storage and warehousing and

transportation of goods from one place to the other. **Statement II:**  
Transportation involves physical movement of goods from one place to the other.

- a) Statement I is correct and Statement II is not correct.
- b) Statement II is correct and Statement I is not correct.
- c) Both the Statements I and II are not correct.
- d) Both the Statements I and II are correct.

17 The government has been doubling down on its efforts to switch to 100% electric vehicles by 2030. Many companies such as Tata Motors, Kinetic Motors, Maruti Suzuki, and Hyundai Motors are all readying their EV models for a 2020 launch in order to support the plan. Identify the type of plan being described in the above lines. [1]

- a) Strategy
- b) Programme
- c) Objective
- d) Method

18 Match the dimension of management in Column I with their respective definition in Column II: [1]

(a) Management of work	(i) In a factory, a product is manufactured, in a garment store a customer's need is satisfied and in a hospital a patient is treated. Management translates the goals to be achieved and assigns the means to achieve it.
(b) Management of people	(ii) No matter what the organisation, it has some basic product or service to provide in order to survive the flow of input material and the technology for transforming this input into the desired output for consumption.
(c) Management of operations	(iii) The task of management is to make people work towards achieving the organisation's goals, by making their strengths effective and their weaknesses irrelevant.

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

- 19 Which factor affects Capital Budgeting decision? [1]
- a) Cash flow position of the company
  - b) The rate of return
  - c) Fixed operating costs
  - d) Flootation costs
- 20 Critical point control focuses on: [1]
- 1. Significant deviations only
  - 2. Key result areas
  - 3. Each and every activity in an organization
  - 4. Attempts to control everything
- a) only ii
  - b) only iii
  - c) iv and i
  - d) i and ii
- 21 In a country named Wonderland acting is considered as a profession. [3]  
Whosoever has to become an actor has to read books written about acting. These books tell the nuances of acting and without reading these books one can't be considered as an actor. To judge the ability of an actor an examination is conducted and then a degree is assigned to the qualified persons who can then act in films. There is also a body which provides membership to all actors. There are about thirty thousand actors in wonderland who are compulsorily members of this organisation. What are the three features of profession highlighted here? Also identify the lines highlighting these features?
- 22 Mr Fernandes is the owner of Unibie Enterprises, carrying on the business of [3]  
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.
- 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**

Explain the various leadership styles.

- 23 Yogesh, a businessman, is engaged in the purchase and sale of ice - creams. Identify his working capital requirements by giving reasons to support your answer. Now, he is keen to start his own ice - cream factory. Explain any two factors that will affect his fixed capital requirements. [3]
- 24 After completing his education, Arman opened a small restaurant in a posh market to earn his livelihood. In order to attract good clientele, he decided to install two air conditioners in the restaurant. Since he didn't have sufficient funds to buy air conditioners of a good brand, he bought two air conditioners from a local manufacturer in Janakpuri, Delhi for Rs.20,000 each. Later on, he found that the compressor of one of the air conditioner was not working properly. Despite many complaints, the defect was not rectified by the manufacturer. So, he feels very disappointed about the issue and wants to take a legal action against the manufacturer to not only get compensation but also to save other people from being duped by the local manufacturer. [3]
1. Name the redressal agency to which he can approach to file complaint against the local manufacturer.
  2. State any two directions which the consumer court can issue to the local manufacturer after being satisfied with the genuineness of the complaint.
  3. State any two rights the consumer can exercise in case of exploitation.

**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 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.

- 26 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.
- 27 Mr. Radha Krishan Kher is the Production Manager of **Krishna Milk Products Pvt. Ltd.** He is producing several milk products. Various alternatives are available for producing each product. It is the endeavour of Mr. Kher that the best and cheap alternative be adopted in production. He has made a special arrangement in his department. According to it, a proper place will be earmarked for everything used in the production department. He has also directed the employees of the department that everything should be available at its decided place. There is a provision for awarding punishment to those who ignore this direction. All activities of Mr. Kher's department are closely related to each other. To maintain balance among them he makes special [4]

efforts so that there is no obstruction in production.

1. Which technique of scientific management is being practised by the company in the above paragraph.
  2. Quoting the lines, identify that function of the management which is called Essence of Management.
  3. Which principle of Henry Fayol is being followed by the company.
- 28 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]
- 29 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]
- 30 Explain the trading procedure on a stock exchange. [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**

With rapid advancements in the field of replacing manual work with machines, a Robot named **Sujan** has been invented and developed and is likely to get the citizenship of the country of its origin. It has led to a stage where machines are being used in place of human beings. **Sujan** is doing all types of work whether routine or hazardous and even answering the queries of people. However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and

its impact on the quality of life. Through the orders and decisions of various commissions and agencies at Centre, State or Local level the Indian Government is playing a very significant role in balancing the use of human and machine power. Various dimensions of business environment are being discussed in the above para. By quoting the lines from the above identify and explain any three dimensions.

- 33 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: [6]
1. Identify the elements of marketing mix being taken into consideration by Rupali.
  2. Explain briefly the functions of marketing highlighted here.
  3. Do you think she has selected an appropriate brand name for her product? Why or why not? Give a reason for your answer.
- 34 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: [6]
1. Identify and explain the functions of management is 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.