



**INDIAN SCHOOL SALALAH**  
**FIRST TERM EXAMINATION – SEPTEMBER 2024**



**BUSINESS STUDIES (054)**

**Class: XII**

**Date : 24.09.2024**


**Time: 3 Hrs**

**Maximum Marks: 80**

General instructions:

1. This question paper contains 34 questions in 9 pages.
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.

1	<p>In order to boost and double India's export of goods and services to over USD 1,000 billion by 2025, it is important to lower effective corporate tax rate, bring down cost of capital and simplify regulatory and tax framework. Identify the related dimension of business environment.</p> <p>a) Social dimension and Legal dimension b) Technological dimension and Political dimension c) Political dimension and social dimension d) Economic dimension and Legal dimension</p>	1
2	<p>Drishti Limited is a chain of trusted optical centers for prescription &amp; fashion eyewear. It caters to affluent people with a range of premium sunglasses for men, women and kids. In order to raise the level of buyers' satisfaction, the company has decided to create a special section in each of its outlets for handling customer complaints and adjustment requirements. Identify the type of marketing function described in the given lines.</p> <p>a) Product designing and development b) Customer support services c) Promotion</p>	1

	d) Physical distribution	
3	<p>The Board of directors of D Pharma Ltd. decided to issue debentures worth ₹40 lakhs in order to finance a major Research and Development project. This would increase the Debt Equity ratio from 1:1 to 2:1. However, at the same time it would increase the Earnings per share.</p> <p>The reason that will justify the above situation is:</p> <p>a) Unfavourable financial leverage, as the financial risk will be higher.</p> <p>b) Unfavourable financial leverage, as return on investment is lower than the cost of debt.</p> <p>c) Favourable financial leverage as debt is easily available</p> <p>Favourable financial leverage, as return on investment is higher than cost of debt</p>	1
4	<p>Name the function of marketing which is effective in bringing repeat sales from the customers and developing brand loyalty for a product.</p> <p>a) Standardization and grading</p> <p>b) Promotion</p> <p>c) Packaging and labelling</p> <p>d) None of these</p>	1
5	<p>SEBI calls for information and issues a show cause notice to stock exchange and its officials seeking explanation and conducting audit and enquiry. Which function is SEBI performing?</p> <p>a) Regulatory function</p> <p>b) Development function</p> <p>c) Protective function</p> <p>d) Both a) and c)</p>	1
6	 <p>Identify the dimensions of the business environment illustrated by the picture given above in which Sapna who has joined the workforce recently is working on an accounting software.</p>	1

	<p>a) Technological and social.</p> <p>b) Technological and political</p> <p>c) Political and economic</p> <p>d) Social and legal</p>	
7	<p>_____ is a number assigned to each transaction by the stock exchange and is printed on the contract note.</p> <p>a) Client code number</p> <p>b) Unique order code</p> <p>c) Permanent account number</p> <p>d) Depository participant number</p>	1
8	<p>Choose the incorrect statement about pricing objectives as a factor affecting the price of a product.</p> <p>a) If a firm's objective is to maximize profits in the short run, it should charge maximum price for its products.</p> <p>b) If a firm's objective is to capture market share, it should keep low price of its product.</p> <p>c) If a firm wants to attain product quality leadership, it should charge lower prices.</p> <p>d) If a firm is facing problems in survival due to stiff competition, it may offer discount on its products.</p>	1
9	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below: ASSERTION (A): Management is concerned with efficient use of resources. REASONING (R): For management both efficiency and effectiveness need to be balanced. Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason (R) is False</p> <p>d) Assertion (A) is False but Reason (R) is True</p>	1
10	<p>The aim of demonetisation was not to_____</p> <p>a) Curb corruption</p> <p>b) Reduce the prices of real estate</p> <p>c) Withhold the accumulation of black money generated by undeclared income</p> <p>d) Counterfeit the use of high denomination notes for illegal activities</p>	1
11	<p>Mr.Ajay is working as the General Manager of Olive Hotels Ltd. Mr.Ajay observed that Government was taking a special interest in the Tourism industry as this sector is an important source of foreign exchange and employment promotion. On the basis of this news, the company decided to set up hotels at several tourist places. Olive Hotels Ltd. established 50 hotels before other companies considered this issue. Very soon, this brand Olive Hotels Ltd. became well</p>	1

	<p>known in the market. Identify the importance of business environment described here.</p> <p>a) It enables the firm to identify opportunities and getting the first mover advantage.</p> <p>b) It helps the firm to identify threats and early warning signals.</p> <p>c) It helps in tapping useful resources.</p> <p>d) It helps in improving performance.</p>																	
12	<p>STATEMENT I: Electronic holdings can be converted into physical certificates with the process of dematerialisation. STATEMENT II: There is no danger of theft, loss or forgery of share certificates in dematerialisation. Choose the correct option from the following:</p> <p>a) Statement I is true and II is false</p> <p>b) Statement II is true and I is false</p> <p>c) Both the statements are true</p> <p>d) Both the statements are false</p>	1																
13	<p>Identify the reason which makes management important in the light of the fact that it is generally seen that individuals in an organization resist change, as a change often means moving from a familiar, secure environment into a newer and a more challenging one.</p> <p>a) Management helps in achieving group goals.</p> <p>b) Management creates a dynamic organization</p> <p>c) Management increases efficiency</p> <p>d) Management helps in the development of society</p>	1																
14	<table border="1"> <tr> <td>A</td> <td>A. It is undertaken by some identified person/company who makes efforts and bears the cost of it</td> <td>1</td> <td>Personal selling</td> </tr> <tr> <td>B</td> <td>It plays an important role at the awareness stage and develops product preferences with the aim of making sale.</td> <td>2</td> <td>Sales Promotion</td> </tr> <tr> <td>C</td> <td>It helps in managing public opinion and company's relation with the public on regular basis.</td> <td>3</td> <td>Advertising</td> </tr> <tr> <td>D</td> <td>D. It uses tools specifically designed to promote to customers, middlemen and to salespersons.</td> <td>4</td> <td>Public relation</td> </tr> </table> <p>a) A (3), B (1), C (4), D (2)</p> <p>b) A (1), B (3), C (4), D (2)</p> <p>c) A (2), B (3), C (4), D(1)</p> <p>d) A (2), B (4), C (1), D (3)</p>	A	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	D. It uses tools specifically designed to promote to customers, middlemen and to salespersons.	4	Public relation	1
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15	<p>From the following which is not a relevant feature of management as science:</p> <p>a) Principles are based on the basis of experimentation</p> <p>b) Systematized body of knowledge</p> <p>c) Based on practice and creativity</p> <p>d) Universal Validity</p>	1
16	<p>Principles of management emphasize on logical and rational decision making rather than on the basis of bias and prejudice. The given statement highlights that the knowledge of principles of management leads to</p> <p>(a) Providing managers with useful insight into reality</p> <p>(b) Scientific decisions</p> <p>(c) Meeting changing environmental requirements</p> <p>(d) All of the above</p>	1
17	<p>The total capital of Uranium Private Limited is ₹ 50 lacs. The amount of debt is ₹ 20 lacs. The company has earned a profit of ₹10 lacs during the current financial year. Its return on investment (ROI) for the present year is</p> <p>(a) 20%</p> <p>(b) 40%</p> <p>(c) 10%</p> <p>(d) 80%</p>	
18	<p>According to Taylor, “even a small production activity like loading figures of iron into boxes can be scientifically planned and managed. This can result in tremendous savings of human energy as well as wastage of time and materials.” Identify the related principle of scientific management.</p> <p>(a) Harmony, not discord</p> <p>(b) Science, not rule of thumb</p> <p>(c) Development of each and every person to get his/her greatest efficiency and prosperity</p> <p>(d) None of the above</p>	1
19	<p>According to this principle of scientific management, “Scientific management has for its foundation the firm conviction that true interest of the management and workers are one and the same; the prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa.”</p> <p>(a) Science, not rule of thumb</p> <p>(b) Co-operation, not individualism</p> <p>(c) Harmony, not discord</p> <p>(d) All of the above</p>	1
20	<p>Kriti Limited is a company dealing in ready-to-eat food products. Over the years, the earning potential of the company has gone up and it enjoys a good reputation. The Financial Manager is confident of the fact that not just the earnings of the current year, but of our future years are likely to be high. Identify the related factor of dividend decision being described in the given lines.</p> <p>(a) Earnings</p> <p>(b) Stability of earnings</p> <p>(c) Stability of dividend</p> <p>(d) Growth prospects</p>	1
21	<p>A floor manager of a mall is a very good manager as he utilizes all the functions of management to minimize cost of maintenance of his area. He directs all the staff members under him to follow the</p>	3

	targets and advises them to put their efforts in the direction of achievement of these targets. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to the increase in their salaries. Identify the importance of management highlighted above.	
22	Sincos Inc. decided to go for perfect coordination in the various aspects of the company. They focus on synchronization of all the activities of the organisation. For this they know coordination will be the key. At the stage of thinking of what is to be done throughout the year they decide to take into consideration the harmony between the goals of the organisation and those of the individual departments. When they hire employees they pay them only after evaluating their worth in terms of how efficient they are. Finally when the last month of production comes they, time and again check the deviation between the set targets and the actual production done. In the above paragraph the main focus is on coordination. However various functions of management also come into picture. You have to identify the three functions of management highlighted above in which coordination can be seen.	3
23	A Supervisor of a Mall is very capable as he utilises all the functions of management. He lays stress on developing mutual trust and spirit of cooperation amongst the employees. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to increase in their salaries. Identify and explain the principle of Fayol followed by the Supervisor in the above case.	3
24	The Prime choice' is a leading advertising company in its industry. Recently they had a meeting in which all the reasons which were outside the control of the organisation were discussed. The organisation wanted to maintain its supremacy in the market. They decided to break the meeting into two parts. In the first part customers, competitors, suppliers, etc. were discussed where as in the second part the political, economic, social conditions in the country were discussed. It was concluded that company was doing extremely well in the domestic market and the client base was expanding. However when the company's performance in foreign markets was evaluated it was found that conditions were different in different countries so the strategies adopted would have to be different. After the meeting the company was looking forward to making new gains. Which features of Business Environment have been highlighted in the above case? Also identify the lines.	3
25	Clear ware is a big company. Managing many employees at the same moment is a challenge which this company always faces. Since the company has many departments it is necessary for the company to ensure unity of action among various departments. The various departments are human resources, marketing, finance, operations and sales. The employees are always concerned about the company and are a useful resource to their organisation. Though they have diverse interests and have to perform different activities the management ensures that the efforts of the employees should be given a focus so as to achieve the organisation goals. The different departments have their own interests but due to proper coordination the conflicts of interest in the departments is minimized to a nil. When it comes to the employees the organisation shows its concern. The career of employees is shown a developmental path through proper training modules and job enrichment. Naren is a manager who takes care of all the duties and responsibilities to be assigned to his employees in the department. He uses all sources to develop a proper communication with them and leaves no attempt to motivate them. This year the company has decided to give the best manager award to Naren for his contribution to the organisation. Which characteristics of coordination have been highlighted in the above case? Which type of objective is fulfilled here?	4
26	Explain 'Unity of Command' and 'Equity' as principles of general management.	4

27	<p>On 8 November 2016, the Government of India announced the demonetisation making all ₹ 500 and ₹ 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 criticised by members of the opposition parties, leading to debates in both houses of parliament and triggering organised protests against the government in several places across India. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. In context of the above case:</p> <p>1. Identify and explain the various dimensions of business environment which relate to the above mentioned case.</p>	4
28	<p>Bhanu Ltd.’ is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken loan of ₹40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.</p> <p>The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion identify and explain any four such factors.</p>	4
29	<p>Kiran is a big supporter of the vital role played by the stock exchange in securing wider circulation of ownership of companies to the common people and supports the education of the common public about the positive effects of making investments. However, he knows nothing spreads very fast in public and takes its own time. He knows that it is only due to the presence of the stock markets that a continuous market is made available to the buying and selling of the securities. People don’t want late results; they want everything instant. True investor knows that there should be knowledge before the habit of making investments. The knowledge about the companies participating should be there before any big decision is taken. Most of the people however, get attracted to the stock market as it allows speculative activity within limits which helps in liquidity of the shares in the stock market. We have different news papers which give a lot of news these days about strictness in the stock market. All this is happening today because scams took place in the 80s. But now everything takes place in legal framework providing safe and fair deal in the market. It can be expected that in the future days to come things are going to get better for investors and issuers, not to mention the intermediaries.</p> <p>Identify and explain the functions of stock exchange discussed in the above para.</p>	4
30	<p>A tea manufacturing company has put labels on its packets stating the variety of tea it is selling. Currently it has three varieties—red, green and black. The tea of the company comes from a garden in Assam which is 100 years old. So the price of the tea is high but recently in order to stay in the market it has lowered down its prices by 20%. The company sells its tea in different markets of the world. Next year the company is thinking of selling its tea in the market of a nation having a very high population. The top management hasn’t yet decided the type of channel it should choose. Two years back the company started selling its tea online, the decision brought an indirect change in one of the elements of the marketing mix and of course one element saw change directly.</p>	4

	<ol style="list-style-type: none"> <li>1. Which function of labelling has been highlighted in the above case?</li> <li>2. Which factor of price determination has affected the pricing of tea by the company?</li> <li>3. Which type of channel do you think the company should choose for the new country?</li> <li>4. Which element of marketing mix has changed directly and which indirectly?</li> </ol>	
31	<p>Kanpur Leather Ltd.' is the manufacturer of leather products. It is producing on large scale and its organizational structure is functional. In the production department various foremen have been employed. Each foreman has been made responsible for production planning, implementation and control. This has led to a situation of confusion and uncertainty. Suggest a technique of scientific management to Kanpur Leather Ltd. which may help it to effectively organize planning and its execution.</p>	6
32	Differentiate between Capital Market and Money Market.	6
33	<p>Identify the marketing management philosophy involved in the following cases:</p> <ol style="list-style-type: none"> <li>1. Srutika scooters are the leading manufacturers of scooters in the industry. They have the first mover advantage in the industry. When they started manufacturing scooters no other company was doing it. They manufacture scooters and the middle class purchases them in a high number. With each passing year the number of scooters sold is increasing. The company's main concern usually is to produce maximum number of scooters. Company's profit is governed by the maximum number of scooters they produce.</li> <li>2. Vismay microwaves produce microwaves but they do not try to understand the needs of the customers. Their main focus is always on the quality of the product but never on customer requirement. They try to include as many features as possible in their product. This year they have added a special type of alarm in their product which is a unique feature. The alarm is available in ten varieties. However, the customers say that the product is not of much use to them as it consumes a lot of electricity.</li> <li>3. Arohi coolers is a very progressive company. The owners of the company feel that unless and until they contribute to society it is worthless to exist as a company. In a recent move by the government the organisation has decided to help it. The organisation will be making five teams of hired environmentalists from foreign countries. This team will help the local people clean the portions of a polluted river in the country. The costs of this project will be borne by the company.</li> <li>4. Nidanth is a manager in a company. His main area of focus is to generate revenue for the company through repeated sales. He decides to develop a product for the company which can generate revenue in the long run. For this he meets a team of R&amp;D (Research &amp; Development) of his company. After a long meeting they decide to do survey. Based on the survey a product is made to fulfill needs of the customers. The product later produces a lot of revenue through repeated sales in the long run.</li> <li>5. A company decides to do promotion for a new chips flavour. For this many contests are organized in different colleges. The youth is the target market for the chips makers. However, there hasn't been proper research about the liking of the flavour among the youth. The company has launched this product based only on intuition. The company has decided to go ahead with the promotional campaign even if there is a negative response from the buyers.</li> <li>6. Sanskriti foods is making a great impact in the food industry. The top management of the company has been in news for helping the villagers in the rural areas grow their income. They have made alliances with groups of people of different villages. They procure</li> </ol>	6



	handmade food products from them and help these products find a way to the elite class of metro cities. The company has its motto of replacement of the western taste with that of Indian among the elite class. The company is very intelligent to see a high paying elite class as the target segment.	
34	<p>‘Avantika Ltd.’ is a company manufacturing textiles. It has a share capital of ₹ 60 lakhs. The earning per share in the previous year was ₹ 0.50. For diversification, the company requires additional capital of ₹ 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned a profit of ₹ 8 lakhs on capital employed. It paid tax @ 40%.</p> <p>(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.</p> <p>(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.</p>	6