




**ANANDALAYA**  
**PRE-BOARD EXAMINATION**  
Class: XII

Subject : Business Studies (054)  
Date : 16-12-2024

M.M : 80  
Time : 3 Hrs.

**General Instructions:**

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

1. Read the following statements of Assertion (A) and Reason (R). (1)  
Choose the correct alternative from those given below:  
(A): There is restricted entry in the case of management  
(R): Management consists of systematic knowledge of concepts, theories and principles.  
  
(A) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(B) Both (A) and (R) are true and (R) is not the correct explanation of (A)  
(C) (A) is True but (R) is False  
(D) (A) is False but (R) is True
2.  Which dimension of the business environment is depicted on the package of a baby food? (1)  
  
(A) Economic environment  
(B) Legal environment  
(C) Political environment  
(D) Technological environment
3. Statement I: Divisional head is responsible for profits and losses for her division. (1)  
Statement II: Functional structure is economical than divisional structure.  
(A) Statement I is correct and Statement II is incorrect.  
(B) Statement I is correct and Statement II is also correct.  
(C) Statement I is incorrect and Statement II is correct.  
(D) Statement I and Statement II both are incorrect.
4. Dummy model is prepared in \_\_\_\_\_ (1)  
(A) Apprenticeship training  
(B) Induction training  
(C) Internship training  
(D) Vestibule School
5. Which of the following statements does not highlight the relationship between planning and controlling? (1)  
(A) Planning and controlling are separable twins of management.  
(B) Planning without controlling is meaningless, controlling without planning is blind.  
(C) Planning is prescriptive, controlling is evaluative.  
(D) Planning and controlling are interrelated and interdependent.

6. During the Covid-19 pandemic, the Tourism industry faced many challenges. The slowdown led to huge decrease in demand. From April 2022, the effect of Covid started reducing. The economy started picking up and a boom was noticed in the Tourism industry. As a result, a larger amount of working capital was required with an increased Demand. (1)  
The factor affecting the working capital requirement discussed above is:  
(A) Seasonal factor (B) Production cycle  
(C) Operating efficiency (D) Business cycle
7. The decision that relates to how the firm's funds are invested in different assets is called \_\_\_\_\_ (1)  
decision:  
(A) Investment (B) Financing (C) Dividend (D) Management
8. 'A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised'. Importance of controlling described here is: (1)  
(A) Accomplishing organisational goals. (B) Judging accuracy of standard.  
(C) Making efficient use of resources. (D) Improving employee's motivation.
9. The inability of a business to meet its fixed financial obligations. Like payment of interest is known as \_\_\_\_\_ risk. (1)  
(A) Business (B) Financial (C) Long term (D) Market
10. Choose the incorrect statement about 'Money market': (1)  
(A) The main instruments traded in this market are Treasury bills, Trade bills, Commercial paper and Certificates of deposit.  
(B) In this market, transactions entail huge sums of money as the instruments are quite expensive.  
(C) Participation in this market is by and large undertaken by institutional participants such as the Reserve Bank of India, banks, financial institutions and finance companies.  
(D) It deals in medium- and long-term securities.
11. Match the Marketing Management philosophies given in Column I with their main focus given in Column II: (1)
- | Column I                                   | Column II  |
|--|--|
| 1. Production Concept                      | (i) Consumer's Needs                                 |
| 2. Product Concept                         | (ii) Quality Performance and features of the product |
| 3. Marketing Concept                       | (iii) Consumer's needs and societal well being       |
| 4. Societal Marketing Concept              | (iv) Quantity of the product                         |
| (A) 1 – (i), 2 – (ii), 3 – (iii), 4 – (iv) |  |
| (B) 1 – (ii), 2 – (iii), 3 – (i), 4 – (iv) |  |
| (C) 1 – (iv), 2 – (ii), 3 – (i), 4 – (iii) |  |
| (D) 1 – (ii), 2 – (iv), 3 – (i), 4 – (iii) |  |
12. Recruitment aims at \_\_\_\_\_ (1)  
(A) Creating a positive image of the firm.  
(B) Attracting a large number of qualified applicants.  
(C) Both (A) and (B).  
(D) None of the above.
13. Which of the following lies within the scope of consumer protection? (1)  
(A) Protecting consumers about their rights and responsibilities.  
(B) Protecting consumers and getting their grievances redressed.  
(C) Protecting the interests of consumers.  
(D) Protecting the interests of the adulterators.

14. Statement I: National Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration exceeds ten crores of rupees. (1)  
Statement II: If any of the parties are not satisfied by the order of National Commission can appeal against such order to the Supreme Court of India within a period of forty-five days of such order.  
(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 correct.  
(D) Both the Statements I and II are not correct.
15. The Consumer Protection Act 2019 provides a number of reliefs to the consumer including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc. The consumer right is highlighted above? (1)  
(A) Right to be informed  
(B) Right to consumer education  
(C) Right to be heard  
(D) Right to seek redressal
16. Which of the following will not be considered as consumers as per Consumer Protection Act, 2019? (1)  
(A) A person, who avails any service for a consideration which has been partly paid.  
(B) Any user of goods if such use is made with the approval of the buyer.  
(C) A person who purchases goods through online means.  
(D) A person who obtains goods for resale purposes.
17. A company is a component of market. It utilises various raw materials, labour force, human resources, power, water, other sources, etc. When all these resources are utilized, output is produced. But before output is produced the input has to go through various operations. These operations convert the raw materials into final products which are then sold in the market. (1)  
In the above paragraph which importance of Business Environment is highlighted?
18. When Suman Das applied for the post of Computer teacher in a school in Balasore, he was asked to prepare a PowerPoint presentation on a particular topic during the selection procedure. Identify the type of selection test being mentioned in the above lines. (1)  
(A) Trade test                      (B) Personality test      (C) Intelligence test                      (D) Interest test
19. Read the following statements: (1)  
Assertion (A) and Reason (R). Choose the correct alternative from those given below:  
(A): Availability of leasing facilities may reduce the funds required to be invested in fixed assets thereby reducing the fixed capital requirements.  
(R): When an asset is taken on lease, the firm pays lease rentals to use it and avoids to invest huge sums required to purchase it.  
(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.
20. For holding securities in an electronic form, the investor has to open a demat account with an organization called \_\_\_\_\_. (1)  
(A) Depository    (B) Securities and Exchange Board of India  
(C) Stock Exchange    (D) Mutual Fund

21. Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide health food at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business venture, they short listed the option to sell readymade and ready to make vegetable shakes and sattumilk shakes. Then, they weighed the pros and cons of both the short-listed options. (3)
- (i) Name the function of management being discussed above and give any one of its importance.
- (ii) Also briefly discuss any two limitations of the function discussed in the case.

22. Rajinder was working in an enterprise on daily wages basis. It was difficult for him to fulfil the basic needs of his family. He had no money for his daughter's medical treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted. (3)
- (i) By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company.
- (ii) Also, explain two other needs of Rahim followed by above that are still to be satisfied.

OR

Amit and Alok are working in the same organization but in different departments. One day at lunch time Alok informed Amit that due to computerization some people are going to be retrenched from the organization. Name which types of communication is this. State any two limitations of this type of communication.

23. Identify the type of dimension of business environment related to the following: (3)
- (i) Banks reducing interest rate on housing loans.
- (ii) An increasing number of working women.
- (iii) Alcohol beverages are prohibited to be advertised on Doordarshan.
- (iv) A stable government has built up confidence among the firms to invest in big project.

OR

'The first masters' 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.

24. Vedansh Limited has a share capital of ₹10,00,000 divided into shares of Rs. 100. For expansion company requires additional funds of ₹ 5,00,000. The management is considering the following alternatives for raising funds. (3)
- Alternative 1: Issue of 5000 equity shares of ₹.100 each
- Alternative 2: Issue of 10% Debentures of ₹ 5,00,000. The company's present earnings before interest and tax (EBIT) is ₹ 4,00,000 p.a. Assuming that the rate of return of investment remains the same after expansion, which alternative should be used by the company in order to minimize the returns to the equity shareholders. The tax rate is 50%.

Show your working.

25. High Tech. Ltd is a company producing IT services. The company's profits are enough for the survival and growth. The management of the company believes that a satisfied employee creates a satisfied customer, who in turn creates profits and leads to satisfied shareholders. So, it pays competitive salaries and perks to all its employees. All the employees are happy working in the organization because of personal growth and development. The company has a strong sense of social responsibility. It has set up an Engineering College in which one-third of the students are girls to whom the company gives 50% scholarship. Is the management of High-Tech Ltd. fulfilling its objectives? Justify your answer by giving reasons. (4)

26. Explain the types of plans: (4)
- (i) Strategy
  - (ii) Procedure

**OR**

Differentiate between Standing Plans and Single Use Plans

27. Rajeev and Sanjeev are managers in the same organisation heading different units. While discussing about the functions of management, Rajeev says that 'Planning is looking ahead whereas controlling is looking back.' But Sanjeev says, 'You are wrong because planning is looking back whereas controlling is looking ahead.' Both are giving reasons in favour of their statements. Explain the possible reasons given by both and justify who is correct. (4)

28. Describe the factors determining price of a product. (4)

**OR**

Explain the components of physical distribution.

29. Mr. Rajat is working as the Human Resource Consultant in a firm manufacturing cosmetic, which is facing a problem of high employee turnover. The CEO of the company has invited suggestions from him for retaining the talented employees and reducing the employee turnover. Mr. Rajat recommends that the good employees be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them to contribute towards the growth of the organization. (4)

(i) Identify the incentive and explain its type, which has been suggested by Mr. Rajat to the CEO of the company.

(ii) Also list any two other incentives of the same type.

30. Sunshine Pvt. Ltd. is a publishing company. Its book on Accountancy for class XI is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers. (4)

(i) Name and explain the step of staffing process which has not been performed properly.

(ii) State the next two stages immediately following the step identified in part 'a'.

31. Differentiate between Primary market and Money market on the basis of: (6)

(i) Meaning

(ii) Aspects

(iii) Price

(iv) Parties involved

(v) Location

(vi) Capital Formation

32. Bshell Pvt Ltd. is a reputed company which sells various goods such as cosmetic, fruits and vegetables and clothes. The company also has a chain of retail stores known as Bshell fresh. Despite high competition, Bshell has succeeded in creating demand for its products, giving the company power over prices through product differentiation, innovative advertising and ensured brand loyalty. In the context of above case: (6)

(i) What is product differentiation?

(ii) Name any one function of marketing that facilitates product differentiation.

(iii) Identify the component of promotion mix being used by the company by quoting line.

(iv) Describe briefly the pricing objective pursued by the company.

**OR**

"To your taste" is a famous retail chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets, and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has a chain of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales. The above paragraph describes the variables used by "To your taste" to prepare its market offering. Identify and explain the variables.

33. Differentiate between Formal Organisation and Informal Organisation on the following basis: (6)
- |                        |                |
|------------------------|----------------|
| (i) Meaning            | (ii) Origin    |
| (iii) Authority        | (iv) Behaviour |
| (v) Communication Flow | (vi) Nature    |

OR

Distinguish between Authority, Responsibility and Accountability on any three basis.

34. ABC Ltd was engaged in the business of toy manufacturing. After some years, the business started expanding due to good quality and reasonable prices. Later on, new players joined the market and competition started increasing rapidly. In order to keep regularity in the supply of toy products, the company directed its existing employees to work overtime. But this resulted in many problems. Due to increased pressure of the work, the workers' efficiency started declining. Sometimes the subordinate had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of products was beginning to decline and market share was on the verge of decrease. (6)
- (i) "The quality of products was beginning to decline and market share was on the verge of decrease." Which of the following principle is violated?
- |                      |                        |
|----------------------|------------------------|
| (A) Unity of command | (B) Unity of direction |
| (C) Discipline       | (D) All the above      |
- (ii) "Sometimes the subordinate had to work for more than one superior." Identify the principle highlighted here and explain in brief.
- (iii) "In order to keep regularity in the supply of toy products, the company directed its existing employees to work overtime." Which of the principles was followed by the employees of the organization?
- (iv) To restore the glory of the company, the organization can take which of the following steps:
- |  |
|--|
| (A) Management must create infrastructure to increase production capacity              |
| (B) Each subordinate should get instructions from one boss.                            |
| (C) Scientific techniques to be followed to avoid overlapping and wastage of resource. |
| (D) All of the above.  |
- (v) "The spirit of teamwork, which had characterized the company, previously was beginning to wane." Which of the following principle is highlighted:
- |  |
|--|
| (A) Authority and Responsibility                             |
| (B) Subordination of Individual Interest to General Interest |
| (C) Unity of Direction                                       |
| (D) Esprit De Corps  |
- (vi) "Due to increased pressure of the work, the workers' efficiency started declining." Which principle has been violated?