



INDIAN SCHOOL SOHAR
PRE-BOARD 2 EXAMINATION (2021 – 2022)
BUSINESS STUDIES [054]

No. of printed pages: 4

CLASS: XII
DATE: 24/02/2022

MAX MARKS: - 40
TIME ALLOWED: - 2 Hrs.

General Instructions:

1. This is a Subjective Question Paper containing 12 questions.
2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

1. There were two vacancies for the post of Assistant Manager in 'Gyan Electrics Private Ltd.' 'Parth' the Human Resources Manager identified one suitable candidate 'Vishwas' from within the organization and promoted him to the post of Assistant Manager. For another post, the Manager 'Parth' took help of a placement agency and selected 'Saleem'. After six months, Parth observed that 'Vishwa's performance was much better than 'Saleem's' performance though 'Vishwas' was less qualified than 'Saleem'. Hence, 'Parth' decided that in future he will not make any appointment with the help of an outside source. 2

Explain any two reasons on the basis of which 'Parth' would have taken the above decision.

2. After passing his secondary school examination, David left the school at the age of 15 years and started getting training under his father. His father, a renowned electrician, had worked for many companies. He everyday started accompanying his father on work and watched him carefully while working. David was a good learner and learnt the techniques of work quickly. Now his father started passing on the tricks of the trade to David. With the passage of time David acquired a high-level skill and became a well-known electrician at Indore. Big business-houses started calling him for electrical - wiring. 2
- A. Name the method of training discussed in the above para.
- B. State any two benefits which David could get on being trained

OR

Manav wanted to bring some changes in his company. One of those changes was the establishment of new software in the organisation. The software has the capability to judge the performance of all the employees. Thus, it makes them more accountable. However, recently it so happened that the employees resisted Manav's decision. After a lot of thinking on the issue he decided to call a meeting to address their needs and performance. He told them that with the installation of the new software their needs would be fulfilled and the best performing employee would be rewarded. Thus, he was able to bring down the resistance level of the employees.

- A. Which concept of directing is applied by Manav in the above case?
- B. Which one benefit of this concept has been highlighted in the above case?

3. To promote orderly and healthy growth of securities market and protection of investors, Securities and Exchange Board of India was set up. In the light of the given statement, state any two regulatory functions of the Securities and Exchange Board of India. 2
4. Aditi set-up a company Danika Ltd. to manufacturer toothpastes using herbs found in her village instead of chemicals that are hazardous to health. The package of the product was eco-friendly and had details like price, quantity, ingredients, directions for use and other relevant information. It also carries the contact details like address, phone number and e-mail id of 'Danika Consumer Services and Grievance Cell'. The toothpaste became very popular, and she started getting orders from reputed traders. Identify and explain any two Rights of Consumers discussed above. 2
5. RO Youth Club organised a visit of its members to an Old Age Home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the Old Age Home were not hygienic. So, the RO Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the Old Age Home also required pest control. But some of the inmates of the Old Age Home were reluctant for it because they believed that the pest control may create health problems for them. RO Youth Club, therefore, decided to provide ethical, safe and odorless pest control. They showed to the inmates of the Old Age Home a pamphlet of the proposed pest control product which promised easy, inexpensive and long-lasting pest control. The inmates happily agreed and the pest control was conducted. The effect of the pest control started wearing off after a fortnight. RO Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, RO Youth Club filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company. State any six directions that might have been issued by the court. 3
6. Mayank, the director of a company, is planning to manufacture stuffed toys for utilizing waste material of one of his garments factories. He decided that this manufacturing unit will be set up in a rural area, so that people living in rural areas can have job opportunities. For this he selected Arbaaz, Kriti, Lata and Ritika as heads of Sales, Accounts, Purchase and Production departments respectively. They were differently abled but intelligent and creative persons in designing. State the next three steps Mayank has to follow in the staffing process after selecting heads of different departments. 3
7. Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokaro. Currently it produces about three million tons of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require ₹1,800 crore of fixed capital and ₹ 200 crore of working capital. To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of ₹2,000 crore. Presently the capital structure is comprising of equity only. The Finance Manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures. 3
- A. Is it justified to raise funds by issuing debentures? Give reason in support of your answer.
- B. Explain the impact of issue of debentures on the risk faced by the company.
- C. Explain the impact of 'cost of debt' and 'cost of equity' on the capital structure of the company
8. Ramesh buys a financial asset from the RBI. This financial asset is an instrument of short-term borrowing. He has bought it because he doesn't want to take risk and wants an assured return. This 3

instrument is a promissory note. It is highly liquid. This instrument is also known as Zero Coupon Bond. On this instrument is written T-91.

- A. Which financial asset is indicated in the above case?
- B. Why is this instrument called as the Zero-Coupon Bond?
- C. What is the minimum amount for which this instrument is available?

OR

‘Ganesh Steel Ltd.’ is a large and creditworthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money- market.

- A. Name and explain the money-market instrument the company can use for the above purpose.
- B. What is the duration for which the company can get funds through this instrument?
- C. State any other purpose for which this instrument can be used.

9. Hats Off is an apparel making company. It has recently decided to make the job environment better by redefining the workplace for the employees by designing jobs having greater variety of content. This has definitely increased the interest of employees in their work. This step of the Company has earned a favorite mentioning in a national newspaper. The promotion policy of the Company has now been made more effective by allowing employees to grow to the higher levels. Many of the employees had earlier complained of fear of getting fired. The Company has clarified its stance on this and told them not to worry by assuring them permanency after crossing the ad hoc period of six months. With everything going right for the organisation the top management has started devoting a lot of time on special features of the internal environment which will distinguish the organisation from other companies in the industry. The employees know that working in this organisation will only add to their good track record. The Company assures the employees a higher ranking in the organisational set up, provided one works hard, with authority, rewards, recognition, and better perquisites. With such an effort, the organisation is geared to touch new heights.

Which non-financial incentives have been highlighted in the above case?

10. Pluto Utensils is a very old manufacturing company. Recently it was found by the management that the employees who were working in the organisation were lethargic with limited skills. The management compared its organisation with that of others and found a huge difference. When a proper analysis of job positions and their occupants was done it was found that many of them were not working at places suitable to them. This increased the worry of the management. The organisation had already spent five decades in the industry and was worried about the successful continuation of business which required capable future managers, but the current employees were not much capable. The company had recently suffered huge losses. It was running out of budget. To add to its problems the number of employees was more than required so the company had to bear additional cost. It is said that one bad thing leads to another. This came true for the company when there was some negative reporting about its HR practices in a daily newspaper where it was mentioned that the employees were not satisfied and suffered with low morale. The scene forty years back was different when the company used to be the number one brand in its segment.

- A. Which functions of management doesn't seem to be working well for the company in the above case?
- B. Identify the different benefits, associated with the proper utilisation of this function, the company would have enjoyed if everything had worked in its favour.

11. Ramesh is running a real estate construction company. He must meet clients on a regular basis in order to make deals. For every decision he makes he must be really cautious as he knows once he has made a decision he can't go back which will mean abandoning of the project. So he evaluates every decision before he makes it. That is why he pays a lot of attention to what his clients are saying and figures out which portion of the deal is in his capacity and favour. Recently his company pumped an amount of Rs.50 crores in a project and he knows this project can affect the returns of the firms in the long run both positively as well as negatively. All this is a part of the business in which he has established himself. He knows that the funds invested are only likely to give returns in the future and impact the prospects of his business. The chances of success in any business are more when one does a lot of research. He has to involve a considerable portion of his funds and block them in long term projects. A thorough research is required to grow funds at the lowest cost possible. He is a very stable minded entrepreneur. **5**

- A. Which concept of management has been highlighted in the above case?
- B. Identify the types of the concept of management highlighted in the above case.

12. Parasang Ship Builders is a renowned ship manufacturing company. The company is doing well but the employees keep on complaining as they say there are no standards to judge the state of mind of the employees, their motivation and job satisfaction levels. The HR department is trying to see to the problems which have recently occurred with the employees. In other areas however company has set some standards and is trying to affect the control mechanism but the company finds all such efforts expensive. All this has not been so easy. Employees in other departments like manufacturing, purchase, marketing, etc. have time and again resisted to the installation of computer monitoring systems and CCTVs. They say that it is against their freedom. Despite all these significant efforts made by the company it had to face losses last year. Even though all the control mechanisms are in place there is an entry of competitors with better technology. This has given some bad time to the company despite its alertness in putting proper controlling in execution. **5**

- A. Which concept of management has been highlighted in the above case?
- B. Identify the diverse types of this concept of management highlighted in. the above case.

OR

Each employee of 'Bhoomika Ltd.' should manufacture 10 tables per day as per the terms of employment. All the employees met the said target except a few who manufactured between 4 – 6 tables per day. The management look a decision to install Closed Circuit Television (CCTV's) in the factory for monitoring the activities of the employees.

- A. Identify the managerial function discussed above.
- B. Explain the steps in the process of the function identified above.