

Practice Questions
SESSION: 2022-23
Class: XII
Subject: BUSINESS STUDIES

Maximum marks: 80
Time Allowed: 3 hours

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.

Q.No	Question	Marks
	SECTION A	
Q.1	Tia has been appointed as the manager of the sales department, and she has been given a target to increase the sales by 20% by the end of the quarter. The company is in the business of selling naturally made lipsticks and perfumes. Tia has drawn out two separate plans for both the products respectively. What is the process of segregation followed by Tia in this scenario? A. departmentalisation B. assignment of duties C. identification and division of work D. establishing authority and reporting relationships	1
Q.2	“Global stock indices have fallen on account of the pandemic” The above statement <u>DIRECTLY</u> falls under which dimension of the business environment? A. legal environment B. social environment	1

	C. economic environment D. technological environment	
Q.3	ABC & Co. is conducting a training to help its managers understand the principles of management. However, one employee does not want to attend it as he thinks that such trainings only benefit employees of large organizations and not small firms like his. Which of the following nature of principles of management has the employee <u>NOT</u> understood? A. flexible B. general guidelines C. universal applicability D. formed by practice and experimentation	1
Q.4	Bhrama & Co has come up with special offers for its customers for Diwali. Their marketing and graphics team have designed a pamphlet to be shared with the customers on social media. Which dimension of the business environment does this situation cover? A. legal and social B. political and social C. technological and legal D. technological and social	1
Q.5	Fredrick Winslow Taylor proposed which of the following styles of management as opposed to rule of thumb? A. planned management B. scientific management C. organised management D. systematic management	1
Q.6	In Country X, 80% of the factories are owned by the government. But these factories have long been operating at a loss and so the government has opted to sell 50% of its holdings to other big companies in the nation. The rationale is	1

	that since these businesses have better resources, they would be able to manage these factories better. What is this decision of the government known as? A. privatisation B. globalisation C. liberalisation D. demonetisation	
Q.7	The revenue of Khazana Ltd has nearly doubled in the last three years. However, due to huge production costs, the company is not making any profits. Considering the financial situation of the company, the management has decided not to declare any dividends. This has made the shareholders of Khazana Ltd very upset. Is the shareholders' reaction justified in this scenario? Choose the correct answer. A. Yes. The management has no right to decide whether or not dividend can be declared. This right is with the shareholders B. No. The management is right in not declaring dividend since the company will need cash to meet the huge costs C. Yes. The revenue of the company has doubled and hence dividend should be given to the shareholders D. No. The management is right in not declaring dividend since the company does not have any profits	1
Q.8	'Chartered Accountants are required to follow certain guidelines and regulations once they begin practising their profession.' Which characteristic of professions does the above sentence highlight? A. service motive B. restricted entry C. ethical code of conduct D. professional association	1
Q.9	Mr Khanna is the CEO of Plastics & Co. He is worried about the constant fights which are happening at the factory's premises between the workers every day	1

	which delays work. To resolve the situation, he hired Mr Kaustav, as the operational manager, who would be in charge of the day-to-day functions at the factory. Based on your understanding of the situation, which aspect of Mr Kaustav's recruitment makes him an “Operational Manager”? A. his qualification B. he is hired by the CEO C. He is required to travel to the factory. D. He is hired to take care of the day-to-day functions.	
Q.10	The Finance Head of Siddhi & Co informs the CEO that the percentage of net income to sales is 10%. What type of ratio of control is being used here? A. Profitability ratio B. Solvency ratio C. Turnover ratio D. Liquidity ratio	1
Q.11	In a company the decision-making authority is retained by higher management levels. What can be <u>DEFINITELY</u> said about its organisational structure? A. integrated B. diversified C. centralised D. decentralised	1
Q.12	Many people confuse ‘selling’ for ‘marketing’. Marketing involves a whole range of activities that analyse and implement a customer's needs. Given the context, choose the option which would fall in the definition of marketing. A. ABC & Co has priced its product at a 20% discount. B. ABC & Co is targeting to reduce its cost of production.	1

	C. ABC & Co has hired a new finance manager to track costs. D. ABC & Co has appointed two agents who will help in selling the product.	
Q.13	Which among the following <u>BEST</u> describes formal organisation? A. Lata and Geeta sit close to each other in the office and hence have a very good relationship. B. The senior leadership is rarely involved in the projects in the middle management. C. The management has created a separate team for each product line. D. The primary roles of several team members are undefined.	1
Q.14	Which of the following is an instrument of the money market? A. bonds B. T-bills C. debentures D. equity shares	1
Q.15	If Bank is for money, then depositories are for _____? A. cheques B. securities C. fixed deposits D. physical assets like gold	1
Q.16	Which among the following is an exclusive benefit granted to the existing shareholders to subscribe to a new issue of shares in accordance with the company's terms and conditions? A. e-IPOs B. rights issue C. private placement D. offer through prospectus	1

Q.17	Which of the following statement about sales promotion activities is <u>CORRECT</u>? A. Refund means giving back a part of the price paid by the customer. B. Rebate means reducing the cost of new products to increase awareness. C. Discount means offering products at a special price to clear off excess inventory. D. Quantity gift means offering another product as a gift along with the purchase of product.	1
Q.18	'Fixed costs are those costs, which do not vary with the level of activity of a firm say with the volume of production or sale' Accordingly, which of the following is an example of fixed cost? A. The salary of the CFO- increases yearly based on their performance. B. The electricity charges- which rise if the production increases. C. The labourer's wages- paid Rs. 200 for every unit produced. D. The cost of raw material- required for production.	1
Q.19	Which among the following are the four important methods of promotion? A. advertising, cross selling, publicity and sales promotion B. advertising, personal selling, publicity and sales promotion C. advertising, personal selling, customer support and sales promotion D. advertising, personal selling, social media marketing and sales promotion	1
Q.20	Which among the following sentences is true? A. Primary market enhances liquidity. B. Secondary market is located at specified places. C. In the secondary market, only buying of securities take place.	1

	D. In the primary market, prices are determined by demand and supply.	
	SECTION B	
Q.21	In the following paragraph, list down the various places where planning has been conducted. Coffee Ltd has operations in Delhi, Chennai, Mumbai and Ranchi. The Head of Operations Mrs. Angad has asked each branch manager to sell atleast 5000 Kg of coffee by the end of the year. She has confirmed that if any branch out performs, then the respective branch manager will be given a 50% hike in its salary and a feature in the company's "Wall of Fame". The branch Managers are very excited about the reward and have made committees within the branch who can give ideas on how to increase sales. Each branch has a separate unique strategy and has advised its support staff to follow that throughout the year. To provide motivation, branch Managers have confirmed that the best support staff will receive INR 50,000 as bonus. The support staff is excited and each staff comes up with its own strategy to reach the allocated goal.	3
Q.22	HRA & Co is looking for a Sales Manager. It has posted an opening on its website post which it received 1000 applications. The human resource manager is suggesting to do the first step filter exercise by holding a selection test. However, not everyone is convinced with this idea. Mention any three importance of selection tests which the human resource manager can use to convince the team.	3
Q.23	<i>Controlling becomes more effective if planning is done based on facts. Analyse the statement based on the relationship between planning and controlling.</i>	3
	OR Explain any two types of commonly used ratios for ratio analysis. Substantiate the answer with examples.	3
Q.24	Mention any three protective functions of SEBI.	3
	OR Explain any three methods of floating new issues in the primary market.	3
	SECTION C	
Q.25	Enumerate the limitations of using internal sources for recruitment.	4
	OR Discuss any four duties to be performed by a human resource personnel.	4
Q.26	Given below are some elements connected to a company. a. Energy drinks b. retailers c. print media d. market-oriented prices	4

	Identify and describe each category of the marketing mix based on the elements given above.	
	OR Explain the various terms related to branding.	4
Q.27	Jimi & Co sells premium quality apparel. It has employed the country's top fashion designers who design the apparel. Jimi & Co is hosting a fashion show, for which it has appointed Mr Ankush to draw out a detailed plan. Jimi & Co expects the fashion show to increase the demand for its products, hence it wants to strengthen its production process to meet future demands. It has also appointed Mrs Shwetha to come out with a detailed plan to improve efficiency in production. Briefly explain the type of plans used in the above situation.	4
Q.28	Sim Sim International is planning to hire ten new engineers. HR has come out with two ways by which it can approach new candidates. Firstly, it has sent out emails to all its existing employees informing them of the vacancy and has requested them to forward the resume of any candidate who can be fit for the role. Secondly, it has approached the principals of the top Universities in the city to interview their fresh graduates. Explain the sources of recruitment used by the HR of Sim Sim International.	4
Q.29	Briefly explain the following terms with regard to the planning process: - Objectives - Strategy - Policy - Rule	4
Q.30	Ms Ekta needs a bag. She goes to the market and checks a few shops before she buys herself a pink bag, which she thinks is decently priced and of good quality. Ms Sonam is also in need of a bag. But she wants a bag from the brand Gussi because she believes it will enhance her status. Both Ms Ekta and Ms Sonam want a bag. However, the type of bag they need is different. Given the above scenario, explain the category of consumer product the bags will fall into.	4
SECTION D		

Q.31	Management is required across companies and helps them achieve their goals faster. In light of the statement, describe why management is important.	6
	OR A consumer should keep in mind some responsibilities while purchasing, using and consuming goods and services. Describe any six such responsibilities.	6
Q.32	Mr Anshul is the head of the production department at Sristi & Co. At the start of the month, he gave a goal of producing 200 units of goods to his team. He requested the final count of goods produced as soon as the month ended. He was shocked when he saw that only 140 units of goods were produced in the entire month. He called the factory supervisor and enquired about the reasons for such a low output. To this, the factory supervisor informed him that certain parts of the machine were breaking down in the middle of the production, due to which, the entire production activity had to be put at a halt for the purpose of repair. Mr Anshul immediately raised the issue to management and requested the replacement of the defective parts of the machine. Identify and briefly explain the process of controlling followed by Mr Anshul.	6
	OR Abraham Maslow, a well-known psychologist outlined the elements of an overall theory of motivation. His theory was based on human needs. He felt that within every human being, there exists a hierarchy of five needs. Explain these five needs.	6
Q.33	A prudent finance manager has to make several financing decisions in the course of their work. Describe any six factors that will influence their decision.	6
Q.34	Olive & Basil is a company involved in the manufacture of pasta and pizza sauces. The CEO of Olive & Basil invites suggestions from various team heads to help reduce the cost or increase the revenue of the company. The production manager comes up with a proposal to change the supplier of vegetables to a nearby vendor. This decision would drastically reduce the cost. However, it was found that the quality of vegetables supplied by the vendor is below standard. The CEO is tempted to take the offer but the lawyer explains to the CEO the importance of protecting the interest of the consumers. After listening to the lawyer, the CEO decides to reject the proposal of the production manager and continue with the current supplier. What do you think the lawyer would have told the CEO, which made him change the decision?	6

Practice Questions- Marking Scheme
Session 2022-23
Class: XII
BUSINESS STUDIES

Q.No	Question	Marks
	SECTION A	
Q.1	A. Departmentalisation	1
Q.2	C. economic environment	1
Q.3	C. universal applicability	1
Q.4	D. technological and social	1
Q.5	B. scientific management	1
Q.6	A. privatisation	1
Q.7	D. No. The management is right in not declaring dividend since the company does not have any profits	1
Q.8	C. ethical code of conduct	1
Q.9	D. He is hired to take care of the day-to-day functions.	1
Q.10	A. Profitability ratio	1
Q.11	C. centralised	1
Q.12	A. ABC & Co has priced its product at a 20% discount	1
Q.13	C. The management has created a separate team for each product line.	1
Q.14	B. T-bills	1
Q.15	B. securities	1
Q.16	B. rights issue	1
Q.17	A. Refund means giving back a part of the price paid by the customer.	1
Q.18	A. The salary of the CFO- increases yearly based on their performance.	1
Q.19	B. advertising, personal selling, publicity and sales promotion	1
Q.20	B. Secondary market is located at specified places.	1
	SECTION B	
Q.21	Mrs. Angad has drafted the annual goals for each location's Manager before the start of the year Branch managers made committees within the branch who can give ideas on how to perform the best. The support staff decides on its own strategy to reach the allocated goal	3
Q.22	The following are the importance of conducting a selection test : - Intelligence Tests: This is one of the important psychological tests used to measure the level of intelligence quotient of an individual. - Aptitude Test: It is a measure of an individual's potential for learning new skills.	3

	- Personality Tests: Personality tests provide clues to a person's emotions, reactions, maturity, value system etc. - Trade Test: These tests measure the existing skills of the individual. They measure the level of knowledge and proficiency in the area of professions or technical training. - Interest Tests: Every individual has a fascination for a particular kind of job than the other. Interest tests are used to know the pattern of interests or involvement of a person. (Any three can be evaluated)	
Q.23	When planning is done based on future predictions and past experiences, controlling becomes more effective. -Planning requires thinking, analysis and the clear expression of the challenges that may occur and methods to overcome them. Such planning makes control more efficient. -Planning is done to achieve the objective of a business at the minimum cost and optimum utilisation of resources. This helps to control the plan easier. -any other relevant point (any three points to be assessed)	3
OR	-Liquidity Ratios: Liquidity ratios are calculated to determine short-term solvency of business; Eg Quick ratio, current ratio -Solvency Ratios: Ratios which are calculated to determine the long-term solvency of business are known as solvency ratios; Eg Debt equity, Proprietary Ratio, Interest Coverage Ratio -Profitability Ratios: These ratios are calculated to analyse the profitability position of a business; Eg Gross Profit Ratio, Net Profit Ratio, Return on Capital Employed -Turnover Ratios: Turnover ratios are calculated to determine the efficiency of operations based on effective utilisation of resources; Eg Inventory Turnover Ratio, Stock Turnover Ratio, Debtors Turnover Ratio (any two to be evaluated)	3
Q.24	- Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging etc. - Controlling insider trading and imposing penalties for such practices. - Undertaking steps for investor protection. - Promotion of fair practices and code of conduct in securities market. -any other relevant point	3

	(any three to be evaluated)	
OR	- Offer through Prospectus: Offer through prospectus is the most popular method of raising funds by public companies in the primary market. This involves inviting subscription from the public through issue of prospectus. - Offer for Sale: Under this method securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stock brokers. - Private Placement: Private placement is the allotment of securities by a company to institutional investors and some selected individuals. It helps to raise capital more quickly than a public issue. - Rights Issue: This is a privilege given to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. - e-IPOs: A company proposing to issue capital to the public through the on-line system of the stock exchange has to enter into an agreement with the stock exchange. This is called an Initial Public Offer (IPO). (any three can be evaluated)	3
SECTION C		
Q.25	The limitations of using internal sources for recruitment are as follows: - Scope for induction of fresh talent is reduced. - Employees may become lethargic. - New enterprises cannot use internal sources of recruitment. - Spirit of competition among the employees may be hampered. - Frequent transfers of employees may often reduce the productivity of the organisation. (any four to be evaluated)	4
OR	- recruitment - analysing jobs, collecting information about jobs to prepare job descriptions - developing compensation and incentive plans - training and development of employees - maintaining labour relations - handling grievances and complaints - providing for social security and the welfare of employees - defending the company in lawsuits and avoiding legal complications (evaluate any four of the above-mentioned points)	4
Q.26	- Energy drink/Product: Product means goods or services or 'anything of value, which is offered to the market for sale.	4

	- Retail/Place: Place or Physical Distribution includes activities that make the firm's products available to the target customers. -Print media/Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc. -Market-oriented/Price: Price is the amount of money customers have to pay to obtain the product.	
OR	- Brand: A brand is a name, term, sign, symbol, design or some combination of them, used to identify the products goods or services of one seller or group of sellers and to differentiate them from those of the competitors. - Brand Name: That part of a brand, which can be spoken, is called a brand name. In other words, the brand name is the verbal component of a brand. - Brand Mark: That part of a brand which can be recognised but which is not utterable is called brand mark. It appears in the form of a symbol, design, distinct colour scheme or lettering. - Trade Mark: A brand or part of a brand that is given legal protection is called a trademark. The protection is given against its use by other firms. Thus the firm, which got its brand registered, gets the exclusive right for its use. In that case, no other firm can use such a name or mark in the country.	4
Q.27	- Single-use Plan: A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future, i.e., they are for non-recurring situations. The duration of this plan may depend upon the type of the project. It may span a week or a month. A project may sometimes be of only one day, such as organising an event or seminar or conference. Mr Ankush is appointed to plan the fashion show, which is a one-time event. Hence the type of plan is a standing plan. - Standing Plan: A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that the internal operations of an organisation run smoothly. Such a plan greatly enhances efficiency in routine decision-making. It is usually developed once but is modified from time to time to meet business needs as required. Mrs Shwetha is appointed to come out with a plan which will improve the efficiency of production. The activity of production is recurring in nature hence the type of plan is a standing plan.	4

Q.28	- Recommendations of Employees: Applicants introduced by present employees, or their friends and relatives may prove to be a good source of recruitment. Such applicants are likely to be good employees because their background is sufficiently known. A type of preliminary screening takes place because the present employees know both the company and the candidates and they would try to satisfy both. - Campus Recruitment: Colleges and institutes of management and technology have become a popular source of recruitment for technical, professional and managerial jobs. Many big organisations maintain a close liaison with universities, vocational schools and management institutes to recruit qualified personnel for various jobs. Recruitment from educational institutions is a well-established practice of businesses. This is referred to as campus recruitment (Each point carries 2 marks)	4
Q.29	- Objectives: The first step in planning is setting objectives. Objectives are the desired future position of the business. They are basic to the organisation and they are defined as ends that the management seeks to achieve through its operations. Therefore, an objective simply stated is what you would like to achieve, i.e., the end result of activities. - Strategy: A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organisation's direction and scope in the long run. Thus, we can say a strategy is a comprehensive plan for accomplishing an organisation's objectives. - Policy: Policies are general statements that guide thinking or channelise energies towards a particular direction. Policies provide a basis for interpreting strategy which is usually stated in general terms They are guides to managerial action and decisions in the implementation of the strategy. - Rule: Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plan because there is no compromise or change unless a policy decision is taken.	4
Q.30	- The bag purchased by Ms Ekta would fall under the category of Shopping Products. Shopping products are those consumer goods to which buyers devote considerable time, to compare the quality, price, style, suitability, etc., at several stores, before making the final purchase. - The product required by Ms Sonam will fall under the category of Speciality Products. Speciality products are those consumer goods which have certain special features because of which people make special efforts in their purchase. These products are such, which have reached a brand loyalty of the highest	4

	order, with a significant number of buyers. The buyers are willing to spend a lot of time and effort on the purchase of such products.	
	SECTION D	
Q.31	- Management helps in achieving group goals: Management is required not for itself but for achieving the goals of the organisation. - Management increases efficiency: It reduces costs and increases productivity through better planning, organising, directing, staffing and controlling the activities of the organisation. - Management creates a dynamic organisation: Management helps people adapt to the constant changes that happen continuously in a business environment. - Management helps in achieving personal objectives: A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective. - Management helps in the development of society: An organisation has multiple objectives to serve the purpose of the different groups that constitute it. In the process of fulfilling all these, management helps in the development of the organisation and through that, it helps in the development of society. (assessed as a whole)	6
OR	- Be aware of various goods and services available in the market so that an intelligent and wise choice can be made. - Buy only standardised goods as they provide quality assurance. Thus, look for ISI marks on electrical goods, FPO marks on food products, Hallmark on jewellery, etc. - Learn about the risks associated with products and services, follow the manufacturer's instructions and use the products safely. - Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. - Assert yourself to ensure that you get a fair deal. - Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding, etc. - Ask for a cash memo on the purchase of goods or services. This would serve as proof of the purchase made.	6

	-File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small. -Form consumer societies which would play an active part in educating consumers and safeguarding their interests. -Respect the environment. Avoid waste, littering and contributing to pollution. (any 6 points to be evaluated)	
Q.32	- Setting performance standards - The first step in the controlling process is setting up performance standards. Standards are the criteria against which actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work. In the given case, Mr Anshul had set the performance standard as the production of 200 units of goods in a month's time - Measurement of Actual Performance: Once performance standards are set, the next step is a measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for the measurement of performance. These include personal observation, sample checking, performance reports, etc. In the given case, Mr Anshul had requested the final count of the goods produced during the month to compare the actual performance with the standard. - Comparing Actual Performance with Standards: This step involves a comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. In the given case, Mr Anshul had compared the actual production of 140 units with the target of 200 units - Analysing Deviations: Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations and the reason for such deviations. In the given case, Mr Anshul had inquired the factory supervisor about the reason for the low production who revealed the reason to be faulty machinery.	6

	- Taking Corrective Action: The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished. In the given case, Mr Anshul had requested the replacement of the faulty machinery as a corrective action.	
OR	- Basic Physiological Needs: These needs are most basic in the hierarchy and corresponds to primary needs. Hunger, thirst, shelter, and sleep are some examples of these needs. In the organisational context, basic salary helps to satisfy these needs. - Safety/Security Needs: These needs provide security and protection from physical and emotional harm. Examples: job security, stability of income, Pension plans etc., - Affiliation/Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship. - Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention. - Self Actualisation Needs: It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals	6
Q.33	- Cost: The cost of raising funds through different sources are different. A prudent financial manager would normally opt for a source which is the cheapest. - Risk: The risk associated with each of the sources is different. - Floatation Costs: Higher the floatation cost, the less attractive the source - Cash Flow Position of the Company: A stronger cash flow position may make debt financing more viable than funding through equity. - Fixed Operating Costs: If a business has high fixed operating costs (e.g., building rent, Insurance premium, Salaries, etc.), It must reduce fixed financing	6

	costs. Hence, lower debt financing is better. Similarly, if fixed operating cost is less, more debt financing may be preferred. - Control Considerations: Issues of more equity may lead to dilution of management's control over the business. Debt financing has no such implication. Companies afraid of a takeover bid would prefer debt to equity. - State of Capital Market: Health of the capital market may also affect the choice of source of funds. During the period when the stock market is rising, more people invest in equity. However, a depressed capital market may make an issue of equity shares difficult for any company.	
Q.34	Businesses must lay emphasis on protecting the consumers and adequately satisfying them. This is important because of the following reasons: -Satisfied customers lead to repeating sales and provide good feedback to prospective customers and thus, help in increasing the customer base of business. -Business organisations use resources which belong to society. They, thus, have a responsibility to supply such products and render such services which are in the public interest. -Consumers form an important group among the many stakeholders of the business and like other stakeholders, their interest has to be well taken care of. -It is the moral duty of any business to take care of consumers' interests and avoid any form of their exploitation. -A business engaging in any form of exploitative trade practices would invite government intervention or action.	6