

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	<p>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.</p> <p>What is the process of segregation followed by Tia in this scenario?</p> <p>A. departmentalisation</p> <p>B. assignment of duties</p> <p>C. identification and division of work</p> <p>D. establishing authority and reporting relationships</p>	1
Q.2	<p>“Global stock indices have fallen on account of the pandemic”</p> <p>The above statement <u>DIRECTLY</u> falls under which dimension of the business environment?</p> <p>A. legal environment</p> <p>B. social environment</p>	1

	<p>C. economic environment</p> <p>D. technological environment</p>	
Q.3	<p>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.</p> <p>Which of the following nature of principles of management has the employee <u>NOT</u> understood?</p> <p>A. flexible</p> <p>B. general guidelines</p> <p>C. universal applicability</p> <p>D. formed by practice and experimentation</p>	1
Q.4	<p>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.</p> <p>Which dimension of the business environment does this situation cover?</p> <p>A. legal and social</p> <p>B. political and social</p> <p>C. technological and legal</p> <p>D. technological and social</p>	1
Q.5	<p>Fredrick Winslow Taylor proposed which of the following styles of management as opposed to rule of thumb?</p> <p>A. planned management</p> <p>B. scientific management</p> <p>C. organised management</p> <p>D. systematic management</p>	1
Q.6	<p>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</p>	1

	<p>that since these businesses have better resources, they would be able to manage these factories better.</p> <p>What is this decision of the government known as?</p> <p>A. privatisation</p> <p>B. globalisation</p> <p>C. liberalisation</p> <p>D. demonetisation</p>	
Q.7	<p>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.</p> <p>Is the shareholders' reaction justified in this scenario? Choose the correct answer.</p> <p>A. Yes. The management has no right to decide whether or not dividend can be declared. This right is with the shareholders</p> <p>B. No. The management is right in not declaring dividend since the company will need cash to meet the huge costs</p> <p>C. Yes. The revenue of the company has doubled and hence dividend should be given to the shareholders</p> <p>D. No. The management is right in not declaring dividend since the company does not have any profits</p>	1
Q.8	<p>'Chartered Accountants are required to follow certain guidelines and regulations once they begin practising their profession.'</p> <p>Which characteristic of professions does the above sentence highlight?</p> <p>A. service motive</p> <p>B. restricted entry</p> <p>C. ethical code of conduct</p> <p>D. professional association</p>	1
Q.9	<p>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</p>	1

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

	<p>C. ABC & Co has hired a new finance manager to track costs.</p> <p>D. ABC & Co has appointed two agents who will help in selling the product.</p>	
Q.13	<p>Which among the following <u>BEST</u> describes formal organisation?</p> <p>A. Lata and Geeta sit close to each other in the office and hence have a very good relationship.</p> <p>B. The senior leadership is rarely involved in the projects in the middle management.</p> <p>C. The management has created a separate team for each product line.</p> <p>D. The primary roles of several team members are undefined.</p>	1
Q.14	<p>Which of the following is an instrument of the money market?</p> <p>A. bonds</p> <p>B. T-bills</p> <p>C. debentures</p> <p>D. equity shares</p>	1
Q.15	<p>If Bank is for money, then depositories are for _____?</p> <p>A. cheques</p> <p>B. securities</p> <p>C. fixed deposits</p> <p>D. physical assets like gold</p>	1
Q.16	<p>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?</p> <p>A. e-IPOs</p> <p>B. rights issue</p> <p>C. private placement</p> <p>D. offer through prospectus</p>	1

Q.17	<p>Which of the following statement about sales promotion activities is <u>CORRECT</u>?</p> <p>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.</p>	1
Q.18	<p>'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'</p> <p>Accordingly, which of the following is an example of fixed cost?</p> <p>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.</p>	1
Q.19	<p>Which among the following are the four important methods of promotion?</p> <p>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</p>	1
Q.20	<p>Which among the following sentences is true?</p> <p>A. Primary market enhances liquidity. B. Secondary market is located at specified places. C. In the secondary market, only buying of securities take place.</p>	1

	D. In the primary market, prices are determined by demand and supply.	
SECTION B		
Q.21	<p>In the following paragraph, list down the various places where planning has been conducted.</p> <p>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".</p> <p>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.</p>	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	<p>Given below are some elements connected to a company.</p> <p>a. Energy drinks b. retailers c. print media d. market-oriented prices</p>	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	<p>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.</p> <p>Briefly explain the type of plans used in the above situation.</p>	4
Q.28	<p>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.</p> <p>Explain the sources of recruitment used by the HR of Sim Sim International.</p>	4
Q.29	<p>Briefly explain the following terms with regard to the planning process:</p> <ul style="list-style-type: none"> - Objectives - Strategy - Policy - Rule 	4
Q.30	<p>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.</p> <p>Given the above scenario, explain the category of consumer product the bags will fall into.</p>	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