
Business-studies

Set-2

Time allowed: 3 hours

Maximum Marks: 90

General Instructions:

- (i) Answer to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answer to questions carrying 3 marks may be from 50 to 75 words.
- (iii) Answer to questions carrying 4-5 marks may be about 150 words.
- (iv) Answer to questions carrying 6 marks may be about 200 words.
- (v) Attempt all parts of a question together.
- (vi) Question Nos. 1 to 8 are very short-answer questions carrying 1 mark each.
- (vii) Question Nos. 9 to 13 carry 3 marks each.
- (viii) Question Nos. 14 to 19 carry 4 marks each.
- (ix) Question Nos. 20 to 22 carry 5 marks each.
- (x) Question Nos. 23 to 25 carry 6 marks each.

SECTION A

- Q1** The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.
- Q2** Name the marketing function which is concerned with informing the customers about the firm's products.
- Q3** Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd.' They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching centre they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier.
In the basement of the building of 'Fashionate Pvt. Ltd.' Praveen and Ramesh were carrying on a printing and stationery business in the name on 'Neo Prints Pvt. Ltd.' Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment, Praveen agreed to this.
Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.'
- Q4** Name the type of 'organisational structure' which promotes efficiency in utilisation of manpower.
- Q5** 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.
- Q6** Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised.
- Q7** Give the meaning of 'responsibility' as an element of delegation.
- Q8** State the role of 'speed boss' in functional foremanship.
- Q9** State any three functions performed by non-governmental organisations for consumer protection.

Q10 Mr. Sanjay Nehra was the Chairman of 'Taran Bank.' The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over of 'Vena Bank.'

Mr. Sanjay Nehra knew that the share price of 'Taran Bank' would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest Rs 5 crores in shares of his bank promising him the capital gains.

As expected the share prices went up by 40% and the market price of Suhir's shares was now Rs 7 crores. He earned a profit of Rs 2 crores. He gave Rs 1 crore to Mr. Sanjay Nehra and kept Rs 1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.

By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.

Q11 Mr. Shubhendu Bose is the owner of 'Bikmac Enterprises' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organisation and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason. Naval found that all decision making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result both the employer and the employees were not able to understand each others message in the same sense. Thus, the employees were not happy and targets were not met.

(a) Identify any two communication barriers because of which Bikmac Enterprises was not able to achieve its target.

(b) State one more barrier each of the types identified in (a) above.

Q12 Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti, the Human Resource Manager of 'Senor Enterprises Ltd.' decided to leave the company.

The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss AlkaPandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss AlkaPandit contacted 'Keith Recruiters' who advertised for the post of marketing head for 'Senor Enterprises Ltd., They were able to recruit a suitable candidate for the company.

Raman's vacancy was filled up by screening the database of unsolicited applications lying in the office.

(a) Name the internal/external sources of recruitment used by 'Senor Enterprises Ltd.' to fill up the above state vacancies.

(b) Also state any one merit of each of the above identified source of recruitment.

Q13 Explain any three limitations of planning.

Q14 A company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profit. Because of huge profits the company ignored the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top Management become concerned when the profits for the current quarter fell steeply.

On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.

- (a) Name and state the communication tool used by the marketer in the above case to improve its image.
- (b) Also explain role of the tool as identified in part (a).
- Q15** 'Steele Ltd.' decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of 'Steele Ltd.' To attract people to work in its factory it also decided to provide many other facilities like school, hospital, market etc. in the factory premises. 'Steele Ltd.' started earning huge profits. Another competing company asked its production manager 'Aslam' to investigate the reasons of earning huge profits by 'Steele Ltd.' Aslam found that in both the companies there was systematic coordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom, The only difference was that in his organisation communication took place only through the scalar chain whereas 'Steele Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.
- (a) Identify the type of organisation which permits 'Steele Ltd.' the flow of communication in all the directions.
- (b) State another advantage of the type of organisation identified in (a) above.
- (c) State any two values which 'Steele Ltd.' wanted to communicate to the society.
- Q16** A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education. He was awarded first prize for his invention.
- Identify and explain the dimensions of business environment discussed in the above case.
- Q17** 'Alfa Ltd.' was dealing in renewable energy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone. As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilise the travelling time in discussion with the subordinates about presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.
- State the features of the element of the function of management used by the CEO.
- Q18** Explain any four points of importance of principles of management. Possible such that maximum benefit can be derived with minimum possible cost.
- Q19** State the functions of financial market.
- Q20** Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested, he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain'. 'Mr. Narain' in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.
- (a) From the above para quote lines that indicate formal and informal communication.

- (b) State any two features of informal communication.
- (c) Identify any two values that are being communicated to the society in the above case.
- Q21** Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same. One of her objective was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of Rs 100 per day for not wearing the caps, gloves and apron was announced.
- Quoting lines from the above para identify and explain the different types of plans discussed.
- Q22** Explain the steps in the controlling process.
- Q23** 'Viyo Ltd.' is a company manufacturing textiles. It has a share capital of Rs 60 lakhs. The earning per share in the previous year was Rs 0.50. For diversification, the company requires additional capital of Rs 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of Rs 8 lakhs on capital employed. It paid tax @ 40%.
- (a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.
- (b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.
- Q24** Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief.
- (a) Identify the important aspect neglected by the marketer in the above case.
- (b) Explain briefly the functions of the aspect identified in (a) above.
- Q25** Explain any four characteristics of management.