



INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

TERM 2- SAMPLE PAPER

BUSINESS STUDIES (054) SAMPLE PAPER 2

MAX. MARKS: 40

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

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

S.NO	QUESTIONS	MARKS
1	<p>In a leading manufacturing company there was a meeting regarding the importance of a function of management which was very much required in meeting the growing needs of good employees and solving complicated issues related with human behavior at the workplace. They also discussed about the most important resource of an organisation.</p> <p>Which function of management is indicated here in the above case? Give one advantage of this function.</p>	2
2	<p>Identify in the following cases factor affecting the choice of capital:</p> <p>1. Raj has an option of taking loan from his relatives. These people have assured him to give loan at a low interest rate. So he decides to use debt as a source of financing his project. Now he goes to different relatives and friends to see</p>	2

	<p>if he can get a cheaper source of debt with even lower rate of interest.</p> <p>2. Prerak Iron Ltd. is thinking of raising finance to further its projects overseas. For this the company is observing the other companies' raising of finance. Their debt equity ratios are being thoroughly studied by the financial experts of the company.</p>	
3	<p>Aditya Rubbers is thinking of knowing the worth of its employees but it is unable to do so yet. The firm now has decided to include a step in its staffing process through which it can judge the performance of its employees. Name the step the organisation will include. Name one more other step in the staffing process which precede this step.</p>	2
4	<p>Peter is a production manager in a tyre manufacturing company. Recently he noticed that his team could not achieve the target production of 80 units per day. Instead on an average the production touched the target of only 65 units. On thorough analysis he found out that the deviation between standard production and actual production is far beyond acceptable range, on overall analysis he also found out that there has been a marginal increase in office stationery expenses. Moreover, he detected that the machine installed for the purpose of manufacturing was not able to perform at its best Being a management expert suggest Peter how he should deal with the existing problem</p>	2
5	<p>An organisation has the policy of providing incentives in the form of monetary terms. It knows that to improve the performance of the employees their needs must be satisfied. The company has come up with a plan of increasing wages of workers who perform beyond a definite level. By the end of the year the company has some other plans. It wants to give an incentive to the workers over and above the wages. The workers have started putting more efforts. The company has announced that after the month of March it will be giving shares to the exceptionally performing workers. Company is hoping to get a good response from the employees through</p>	3

	<p>this announcement in terms of better performance and contribution.</p> <ol style="list-style-type: none"> 1. Which type of incentive is highlighted in the above case? 2. Identify two types of these incentives highlighted in the above case. 	
6	<p>Explain Democratic Leadership style with a diagram OR</p> <p>‘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 favourite 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</p> <p>Explain three non -financial incentives have been highlighted in the above case?</p>	3
7	List any three factors affecting the Investment decision	3

8	<p>Savita has been assigned the job of quantity controller. She knows this is a tough job but she also realises the importance of it. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However one day she realises that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed. Which benefits of controlling have been highlighted in the above case?</p>	3
9	<p>Nitish went to a shop to purchase a shirt. The shopkeeper offered him three colours of shirts. Nitish asked him to show him the shirt which was on display. The shopkeeper told him that he could not buy that shirt and would have to choose from the options provided by him. Out of necessity and lack of time Nitish purchased a shirt out of the shirts shown by the shopkeeper. He paid him cash and didn't take the cash memo. Later, when he wore the shirt at home and was about to leave, he found one button of the shirt missing. He went to the shop the next day and asked for replacement. The shopkeeper bluntly denied that the shirt was purchased from him.</p> <ol style="list-style-type: none"> 1. Which consumer right of Nitish is violated here? 2. Which consumer responsibility was not fulfilled by Nitish which led to this situation? 3. Can Nitish file complaint against the shopkeeper? 4. Explain two more rights of a consumer <p style="text-align: center;">OR</p> <p>'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</p>	5

	<p>RO Youth Club members decided to clean the premises. During their cleanliness drive, they realized 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 odour less 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 carried out. 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 five directions that might have been issued by the court.</p>	
10	Distinguish between Primary Market and Secondary Market	5
11	<p>Anjana chemicals is looking for qualified and talented people to apply for vacant jobs in the organisation. With the passage of time the organisation has learned a lot with its experience. It knows when it goes for final selection of candidates, it will have to design different tests. They want to test the employees on the basis of their learning and decision-making ability. The company wants to ensure proper testing of the recruited candidates. After this the candidates will be judged on the basis of in-depth formal conversation. After the selection the candidates are placed and trained. Employees have to be trained on the equipment they will be using but this training will take place away from the workplace.</p> <ol style="list-style-type: none"> 1. Which type of recruitment should the company depend upon? 2. Which type of test should be conducted done by the organisation to suit their need? 	5

	<p>3. Which stage in the selection process is highlighted after the written test?</p> <p>4. What type of training is given to the candidates? State one benefit of training to the organisation</p>	
12	<p>Identify the type of decisions:</p> <ol style="list-style-type: none"> 1. Ravi wants to open a restaurant and is looking for a proper place to open it. He is also thinking of the amount of funds which will be required for some of the set ups like food making and storing machineries. 2. Ravindra is running a toy manufacturing company. He thinks of expanding his business. He meets his uncle and asks him for a sum of Rs. 2 crores. His uncle asks for a high interest rate. He agrees to it and promises to pay the money back within 2 years. 3. A leading marketing company has decided to raise money through the stock market. It issued IPO in the market last year. The company knows there are going to be sizeable floatation costs involved in it. 4. A company which has 10 branches in the city has decided to open its 11th branch. The company has taken this branch on rent. In this way the company has saved money which it would otherwise have invested in purchasing it. 5. A company has decided to plough back the money in the form of retained earnings. This decision will save the company at least '50 crores. These funds can be used for the long-term growth of the business. <p style="text-align: center;">OR</p> <p>'Yiyo 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 ?40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned a profit of Rs.8 lakhs on capital employed. It paid tax @ 40%.</p> <p>(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your</p>	5

	calculations clearly. (b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.	
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