

## MODEL QUESTION PAPER 2023-24

### Class 12 – Business Studies Model Question Paper – 1

**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.

S.No	Question	Marks
1	<p>The Board of directors of Medex Pharma Ltd. decided to issue debentures worth ₹40 lakhs in order to finance a major Research and Development project. This would increase the Debt Equity ratio from 1:1 to 2:1. However, at the same time it would increase the Earnings per share.</p> <p>The reason that will justify the above situation is:</p> <p>a) Unfavourable financial leverage, as the financial risk will be higher.</p> <p>b) Unfavourable financial leverage, as return on investment is lower than the cost of debt.</p> <p>c) Favourable financial leverage as debt is easily available</p> <p>d) Favourable financial leverage, as return on investment is higher than cost of debt.</p>	1
2	<p>A bottle of Anti- dandruff shampoo mentions ' Clean your hair and get rid of dandruff in one squeeze'. The product related decision involved is-</p> <p>a) Branding                      b) Product quality                      c) Packaging                      d) Labelling</p>	1
3	<p>With the presence of women in the workforce, there has been a shift towards formal wear, increased demand of electronic gadgets and increase in demand of cosmetics.</p> <p>The related dimension of business environment referred in the above lines is:</p> <p>a) Technological environment.                      b) Social environment</p> <p>c) Political environment.                      d) Economic environment</p>	1

4	Name the function of marketing which is effective in bringing repeat sales from the customers and developing brand loyalty for a product. a) Standardization and grading                      b) Promotion c) Customer support services                      d) Packaging and labelling	1
5	SEBI calls for information and issues a show cause notice to stock exchange and its officials seeking explanation and conducting audit and enquiry. Which function is SEBI performing? a) Regulatory function   b) Development function   c) Protective function   d) Both a) and c)	1
6	Identify the point of significance of management illustrated in the picture. a) Management helps in achieving group goals b) Management helps in achieving personal objectives c) Management helps in development of society d) Management increases efficiency	1
7	The allocative function of Financial market helps in _____ a) Bringing transparency in trading procedure b) Earning higher rate of return to household sector c) Better functioning of depository d) Determining the prices of securities	1
8	IND Dyechem Ltd. is a chemical manufacturing company producing dyes and pigments both for domestic and international market. It has enjoyed a considerable market share but lately, it has been facing problems in terms of target sales and customer satisfaction. This is due to the reason that new entrants have emerged with better technology and competitive pricing. The Chairman of the company addressed this issue in the departmental meeting. The production head, Mr. Kamble, advised the Chairman to revamp the system and take immediate necessary actions to rectify the problem so that sales are achieved as per the plans. Identify the relevant function of management being discussed here. a) Organising                      b) Staffing                      c) Controlling                      d) Planning	1
9	Choose the incorrect statement about pricing objectives as a factor affecting the price of a product. a) If a firm's objective is to maximize profits in the short run, it should charge maximum price for its products. b) If a firm's objective is to capture market share, it should keep low price of its product. c) If a firm wants to attain product quality leadership, it should charge lower prices. d) If a firm is facing problems in survival due to stiff competition, it may offer discount on its products.	1
10	Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below: ASSERTION (A): Management is concerned with efficient use of resources. REASONING (R): For management both efficiency and effectiveness need to be balanced. Alternatives: a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason (R) is False d) Assertion (A) is False but Reason (R) is True	1

11	Concentration of decision making functions at the apex of management hierarchy is called _____ a) Decentralisation. b) Delegation c) Organisational structure. d) Centralisation	1
12	Some employees have been assigned the job of measuring the output in an objective and reliable way. They are applying different techniques for achieving this aim. Some of these are personal-observation, sample-checking etc. They are also keeping the units of measurement same as that of the units in the standards. Name the step of 'Controlling process applicable in the above paragraph. a) Analysing deviations                      b) Comparing actual performance with standards. c) Establishing standards.                      d) Measurement of actual performance	1
13	Statement I: For products requiring long term storage like agricultural products, the warehouses are located near to the market. Statement II: Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high. Choose the correct option from the following: a) Statement I is true and II is false                      b) Statement II is true and I is false c) Both the statements are true                      d) Both the statements are false	1
14	Mr. Vivek is working as the General Manager of Oshin Hotels Ltd. Mr. Vivek observed that Government was taking a special interest in the Tourism industry as this sector is an important source of foreign exchange and employment promotion. On the basis of this news, the company decided to set up hotels at several tourist places. Oshin Hotels Ltd. established 50 hotels before other companies considered this issue. Very soon, this brand Oshin Hotels Ltd. became well known in the market. Identify the importance of business environment described here. a) It enables the firm to identify opportunities and getting the first mover advantage. b) It helps the firm to identify threats and early warning signals. c) It helps in tapping useful resources. d) It helps in improving performance.	1
15	Name the function of management that acts as a means for translating plans into action. a) Planning    b) Directing    c) Organising d) Controlling	1
16	STATEMENT I: Electronic holdings can be converted into physical certificates with the process of dematerialisation. STATEMENT II: There is no danger of theft, loss or forgery of share certificates in dematerialisation. Choose the correct option from the following: a) Statement I is true and II is false b) Statement II is true and I is false c) Both the statements are true d) Both the statements are false	1
17	'Pace.' is a reputed Chartered Accountant firm which renders services to big MNC's. The Chartered Accountants of the firm are required to travel to Delhi and NCR for which they use company's cars. The firm decided to convert its Petrol cars to Electric cars in order to improve the quality of life of people. Identify the dimensions of business environment. a) Political and Legal environment b) Legal and Social environment c) Technological and Political environment d) Social and Technological Environment	1
18	Which of the following statements most appropriately describes the purpose of time study. (a) Determining a fair day's work. (b) Minimising the wasteful moments in work flow. (c) Determining a fair day's wages. (d) Improving the over all effectiveness of an organisation.	1

19	<p>The following table contains two columns on the elements of directing and main purposes thereof. You are required to indicate the best alternative combination of the element and main purpose.</p> <p>Elements of Directing Main purpose</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Description</th> <th>Sl. No.</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Supervision</td> <td>1</td> <td>Instructing, feedback</td> </tr> <tr> <td>B</td> <td>Motivation</td> <td>2</td> <td>Introducing change</td> </tr> <tr> <td>C</td> <td>Leadership</td> <td>3</td> <td>Fulfilment of needs</td> </tr> <tr> <td>D</td> <td>Communication</td> <td>4</td> <td>Performance overseeing</td> </tr> </tbody> </table> <p>a) A-1, B-2, C-3, D-4.    b)A-4, B-3, C-2, D-1.    c)A-2, B-3, C-4, D-1.    d)B-1, C-2, D-4, A-3</p>	Sl. No.	Description	Sl. No.	Description	A	Supervision	1	Instructing, feedback	B	Motivation	2	Introducing change	C	Leadership	3	Fulfilment of needs	D	Communication	4	Performance overseeing	1
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20	<p>Which of the following is not at all set of physiological needs.</p> <p>a)Clothing, food, water                      b)Shelter, sleep, food c)Shelters, stability, self respect    d)Status, self fulfilment and self respect.</p>	1																				
21	<p>Which of the following is not a money market instrument</p> <p>a)Treasury bills    b)Commercial paper    c)Certificate of Deposit    d)Public Deposits.</p>	3																				
22	<p>A company selling packaged fruit juices decides to advertise its products through television only. This is an example of the Company's (please tick the most appropriate answer).</p> <p>a)Rule                      b)Strategy                      c)Policy                      d)Procedure</p>	3																				
23	<p>Inter- positional transfer of authority is called (please tick the most appropriate answer)</p> <p>a)Scalar                      b)Delegation                      c)Decentralisation                      d)Unity of command</p> <p><b>OR</b></p> <p>Indicate the correct sequence of the steps in the organizing process.</p> <p>(i)    Departmentalisation (ii)    Assignment of duties (iii)    Identifying and dividing work (iv)    Establishing reporting relationships</p> <p>a)(iii), (i), (ii), (iv)    b)(i), (ii), (iii), (iv)    c)(iv), (iii), (i), (ii)    (d)(i), (ii), (iv), (iii)</p>	3																				
24	<p>A company will prefer debt in its capital structure, if (tick the most appropriate alternative)</p> <p>a)It wants to dilute control                      b)Stock market conditions are bullish c)Tax rates are high                      d)It has already used its debt potential to the full.</p> <p><b>OR</b></p> <p>An appeal against the order of the State Commission can be filed in the</p> <p>a)District Forum    b)National Commission    c)Lok Adalat    d)Rights organisation</p>	3																				
25	<p>Explain any and one modern technique of managerial control?</p> <p><b>OR</b></p> <p>“Planning is no guarantee of success of a business enterprise”. Discuss any two limitations of planning that the manager should keep in mind.</p>	4																				
26	<p>Your have just read a promotional offer for a new model of mobile phone manufactured by a leading company in this field. What responsibilities as a consumer should your keep in mind while buying such a product?</p> <p><b>OR</b></p>	4																				

	A company manufacturing mobile phones increasing its production facilities in response to surge in demand. It asked its entire workforce to work overtime. Due to increased pressure efficiency declined. Sometimes there was confusion about whose orders to follow. There was decline in teamwork. Identify the two principles of management (of Henri Foyal), which were being violated. Explain them and how they can be implemented. Suggest the required changes.	
27	“Reach, Frequency and impact are three major concerns underlying media selection”? Explain briefly..	4
28	Lately in the news is the development of a flying car, prototype which has been tested in the Department of Technology, California, U.S.A. As an active venture capitalist and an entrepreneur you see a huge business opportunity for the same in India. What steps would you take to establish this venture? Explain briefly.	4
29	Harish purchased a medicine from ‘Bhatia Medical Stores’ for his son, who had high fever. Even after giving the medicine his son’s condition did not improve and he had to be hospitalised. Doctor informed Harish that the medicine given to his son was spurious. Harish complained about this to Bhatia Medical Stores’. As a result, ‘Bhatia Medical Stores’ decided to file a complaint against the manufacturer in the consumer court. Can ‘Bhatia Medical Stores’ do this? Give reason in support of your answer. Also explain who is a consumer as per ‘Consumer Protection Act 1986’.	4
30	Mr Naresh recently completed his MBA from one of the Indian Institutes of Management in Human Resource Management. He has been appointed as Human Resource Manager in a Truck, Manufacturing Company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Mr Naresh has been given the complete charge of the company’s Human Resource Department. List out the specialised activities that Mr Naresh is supposed to perform as the Human Resource Manager of the company. <b>OR</b> Why is stock exchange referred to as a secondary market? What functions does it perform?	4
31	“Significance of management lies in its indispensability for any type of organised activity.” Elaborate on this statement and discuss how management facilitates the achievement of group objectives and personal goals simultaneously. <b>OR</b> “Coordination is required for the efficient working of a business enterprises.” Do you agree? Give reasons in support of your answer	6
32	Do you agree that the Indian business environment has witnessed changes after 1991. Identify two changes each in the following environments in India: - (a) Economic Environment (b) Legal Environment (c) Technological environment Also briefly explain these changes with examples from the corporate world.	6
33	‘Expenditure on advertising is a social waste’ Do you agree? Discuss.	6
34	What are the factors affecting determination of the price of a product or service? Explain.	6