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| **PB1/BSAK/1222/A 24-NOV-2022** | | | | | | | | | | | |
| **PRE-BOARD EXAMINATION – I (2022-23)** | | | | | | | | | | | |
| **Subject: Business Studies(ANSWER KEY)**  **Grade: XII** | | | | | | | | | | Max. Marks:80Time: | |
| 1 | The Topper group is looking to make a foray into manufacturing of semiconductors, and it has set up a business to seize the business opportunity and add to its prospects in the long run. The company has already pivoted into a number of new projects like electronics, 5G network equipment, as well as semiconductors. Which economic objective of management does the business seek to fulfill? | | | | | | | | | | 1 |
|  | a | Survival | | | | b | | | **Growth** | |  |
|  | c | Profit | | | | d | | | Efficiency | |  |
| 2. | “Panchayats in our country have been given more powers to decide and spend funds granted to them by the government for welfare of villagers.” Identify the principle of management highlighted in the statement. | | | | | | | | | | 1 |
|  | a | | Equity | | | b | | | Centralization and decentralization | |  |
|  | c | | **Authority and responsibility** | | | d | | | Espirit de corps | |  |
| 3 | Jay is working as a marketing manager in a company. Has been given the task of selling 100000 units of a product at the cost of ₹100 per unit within 20 days. He is able to sell all the units within the stipulated time, but had to sell last 1000 units at 20% discount in order to complete the target. In such a situation, he will be considered to be | | | | | | | | | | 1 |
|  | a | | | An efficient manager | | | b | | **An effective manager** | |  |
|  | c | | | Both effective and efficient manager | | | d | | None of the above | |  |
| 4 | Fayol, in one of his principle, insists that employees deserve fair just wages or salary. But what is just and fair is determined by multiple factors, such as contribution of the employee, paying capacity of the employer and also prevailing wage rate for the occupation under consideration.  Identify the feature of principles of management highlighted above | | | | | | | | | | 1 |
|  | a | | | | **Contingent** | | | b | Mainly behavioral | |  |
|  | c | | | | Cause and effect relationship | | | d | General guidelines | |  |
| 5 | A public issue of equity may reduce the managements holding in the company and make it vulnerable to takeover. This factor also influences the choice between debt and equity especially in companies in which the current holding of management is on a lower side. The factor affecting the choice of capital structure is \_\_\_\_\_\_\_\_\_\_\_\_. | | | | | | | | | | 1 |
|  | a | Cost of debt | | | | b | | | Cost of equity | |  |
|  | c | **Control** | | | | d | | | Risk Consideration | |  |
| 6 | The management of Vrinda Electronics Pvt. Ltd. takes all the decisions in the company from the point of view of the customers what product will be produced, with what features and at what price shall it be sold, or where shall it be made available for sale depend on what do the customers want. If the customers want features like double door in a refrigerator or a separate provision for water cooler in it, the company produces a refrigerator with these features and prices it at a level which the customers are willing to pay. Since all marketing decisions are taken with this perspective, the average sales turnover of the company is Rs.50 crore. Identify the marketing philosophy followed by the company.​ | | | | | | | | | | 1 |
|  | a | | Production Concept | | | b | | | Product Concept | |  |
|  | c | | Selling Concept | | | d | | | **Marketing Concept** | |  |
| 7 | Match the functional foremanship in Column I with their respective explanation in column II by choosing the correct sequence.   |  |  | | --- | --- | | Column I | Column II | | (A) Disciplinarian | (i) Ensure sufficient availability of row material | | (B) Gang Boss | (ii) Assign work to all employees | | (C) Instruction card clerk | (iii) Ensure that there is discipline at workplace | | (D) Inspector | (iv) Check whether the quality of output is good or not | | | | | | | | | | | 1 |
|  | a | | | (ii), (iii), (i), (iv) | | | b | | (ii), (iv), (i), (iii) | |  |
|  | c | | | (iv), (ii), (i), (iii) | | | d | | **(iii), (i), (ii), (iv)** | |  |
| 8 | 'G. Motors is the manufacturer of sophisticated cranes. The Production manager of the company, reported to the Chief Executive Officer, Ashish Jain that one of the machines used in manufacturing sophisticated cranes had to be replaced to compete in the market, as other competitors were using automatic machines for manufacturing cranes. After a detailed analysis, it was decided to purchase a new automatic machine having the latest technology. It was also decided to finance this machine through long term sources of finance. Ashish Jain compared various machines and decided to invest in the machine which would yield the maximum returns to its investors. Identify the financial decision taken by Ashish Jain. | | | | | | | | | | 1 |
|  | a | | | | **Financing decision** | | | b | Capital Budgeting decision | |  |
|  | c | | | | Working capital decision | | | d | Dividend decision | |  |
| 9 | Kumari wanted to purchase a fuel-efficient car having the latest standards regarding minimization of pollution. She saw an advertisement offering such a car and visited the showroom of the company wherein the car was displayed. In her discussion, the Marketing manager told her that the company is providing credit facilities, maintenance services and many other effective services which are helping in bringing repeat sales and developing brand loyalty. Identify the marketing function which the Marketing manager was discussing with Kumari. | | | | | | | | | | 1 |
|  | a | Market Planning | | | | b | | | Gathering and analyzing market information | |  |
|  | c | Standardizing and grading | | | | d | | | **Customer Support Services** | |  |
| 10 | The CEO of Apex Heights Limited invited suggestions from Rajlaxmi, Human Resource Manager, for retaining the talented employees to reduce employees to reduce employees’ turnover. She recommended that the good employees should be rewarded in a way that it creates a feeling of ownership among the employees. Name the incentive which has been suggested by Mrs. Rajlaxmi to the CEO of the company. | | | | | | | | | | 1 |
|  | a | | **Stock Option** | | | b | | | Perquisites | |  |
|  | c | | Bonus | | | d | | | Job Enrichment | |  |
| 11 | Uranus Limited is a company dealing in metal products. The work is mainly divided into functions including production, purchase, marketing, accounts and personnel. Identify the type of organizational structure followed by the organization. | | | | | | | | | | 1 |
|  | **a** | | | **Functional Structure** | | | b | | Divisional Structure | |  |
|  | c | | | Delegation | | | d | | Decentralization | |  |
| 12 | In 2019 alone, Swiggy has launched operations in 300 towns and cities. Swiggy follows a two-step sequence while expanding to a small town. First, it provides more laborious training to restaurants and delivery partners compared to their counterparts in the city. Second, it focuses on building scale in operations and increase the restaurant’s reach to a larger base of consumers, including optimizing kitchens, resource planning among others. Identify the type of plan being described in the above lines. | | | | | | | | | | 1 |
|  | a | | | | Method | | | b | **Strategy** | |  |
|  | c | | | | Programme | | | d | Procedure | |  |
| 13 | For the following two statements, choose the correct option.  Statement I – Authoritative leadership style involves giving orders by a superior to his subordinates and expecting that his orders will be obeyed by them.  Statement II – A democratic leader takes decisions after consultation and encourages the participations of subordinates | | | | | | | | | | 1 |
|  | a | Statement I is correct and Statement II is wrong | | | | b | | | Statement II is correct and Statement I is wrong | |  |
|  | **c** | **Both the Statements are correct** | | | | d | | | Both the statement are wrong | |  |
| 14 | Many large organizations with diversified activities have recognized themselves away from the simpler and basic organizational design towards a framework which is more suited to their activities. This is particularly true of those enterprises which have more than one category of products to offer. Identify the type of organization structure highlighted above. | | | | | | | | | | 1 |
|  | a | | Functional Structure | | | b | | | **Divisional Structure** | |  |
|  | c | | Delegation | | | d | | | Decentralization | |  |
| 15 | A company wants to increase its market share from the present 10% to 25% to have a dominant position in the market by the end of the next financial year. Ms Rajni, the sales manager has been asked to prepare a proposal that will outline the options available for achieving this objective. Her report included the following options - entering new markets, expanding the product range offered to customers, using sales promotion techniques such as giving rebates, discounts or increasing the budget for advertising activities. Which step of the planning process has been performed by Ms Rajni? | | | | | | | | | | 1 |
|  | a | | | setting objectives | | | b | | developing premises | |  |
|  | **c** | | | **identifying alternative course of action** | | | d | | evaluating alternative course of action | |  |
| 16 | Training is provided to employees on the actual machines but away from actual work floor is known as vestibule training. It is provided where the employees are supposed to work on | | | | | | | | | | 1 |
|  | **a** | | | | **Sophisticated Machinery** | | | b | Clients | |  |
|  | c | | | | Outdated Machinery | | | d | None of the above | |  |
| 17 | Zamon Ltd is manufacturer of electronics goods based in Pune. On one hand it deals in items like books music instrument videotapes etc and on the other hand it deals in laptop and mobile phones. The company had a functional structure with separate heads for production marketing and finance .All the function heads were looking after the products but at times their activities overlapped. This led to problems related to coordination and inter departmental conflicts. To facilitate specialization Ramit the CEO of the company decided to group books music instrument videotapes etc. under ‘Media’ and laptops and mobile phones under ‘Consumer Electronics’. While doings so Ramit has performed step in the process of one of the function of management Identify the step | | | | | | | | | | 1 |
|  | a | | | Identification and division of work | | | **b** | | **Departmentalization** | |  |
|  | c | | | Assignment of duties | | | d | | Establishing authority and responsibility relationship | |  |
| 18 | Taj Hotels Resorts & Palaces is honored to be a part of Harvard Business School case study in which the spirit, loyalty and resilience of the employees during 26/11 terror attack has been recognized as an exemplary display of leadership. It was found that Tata group gives more weightage to the value system of the candidates while selecting them. Which type of selection test Tata group must be focusing at? | | | | | | | | | | 1 |
|  | a | | | | Interest Test | | | b | Trade Test | |  |
|  | **c** | | | | **Personality Test** | | | d | Psychological Test | |  |
| 19 | A plan is framed it is implemented and is followed by another plan and so on identify the feature characteristics of planning highlighted above | | | | | | | | | | 1 |
|  |  | | | **planning is continuous** | | | b | | planning is futuristic | |  |
|  | c | | | planning is pervasive | | | d | | planning involves decision making | |  |
| 20 | \_\_\_\_\_\_\_\_\_\_ refers to an assessment of the number and type of human resources necessary for the performance of various jobs and accomplishment of organizational objectives. | | | | | | | | | | 1 |
|  | a | | | | Performance based direct incentive | | | b | **Workload analysis** | |  |
|  | c | | | | Training | | | d | Selection | |  |
| 21 | Shenoy Ltd. is facing a lot of problems these days. It manufactures electronic goods like washing machines, microwave ovens, refrigerators and air-conditioners. The company’s margins are under pressure and the profits and market share are declining. The production department blames marketing department for not meeting sales targets and marketing department blames production department for producing goods, which are not of good quality, to meet customers’ expectations. The finance department blames both production and marketing departments for declining return on investment and bad marketing.   1. What quality of management do you think the company is lacking? 2. Explain any two importance of the concept identified in (a).   **OR**  Govinda Ltd. Is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Gauranga is responsible for the welfare and survival of the organization. He formulates overall organizationn goals and strategies for their achievement. Mr. Nityanand ensures that quality of output is maintained, wastage of materials is organisation and safety standards are maintained. Mr. Sanatan assigns necessary duties and responsibilities  At What levels of management are Mr. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? | | | | | | | | | | 3 |
|  | Coordination  Importance  Growth in size: As organisations grow in size, the number of people employed by the rganization also increases. At times, it may become difficult to integrate their efforts and activities. All individuals differ in their habits of work, background, approaches to situations and relationships with others. It becomes necessary to ensure that all individuals work towards the common goals of the rganization. But employees may have their own individual goals also. Therefore, for rganizationn efficiency, it is important to harmonise individual goals and rganizationn goals through coordination.  Functional differentiation: Functions of an rganization are divided into departments, divisions and sections. In an rganization there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working. For example, the marketing department’s objective may be to increase sales by 10 per cent by offering discounts. But, the finance department may not approve of such discounts as it means loss of revenue. These kinds of conflict arise in organisations because each unit/department is performing activities in isolation from others and barriers between departments are becoming more rigid. However, all departments and individuals are interdependent and they have to depend on each other for information to perform their activities. The activity of each department needs to be focused on attainment of common organisational goals. The process of linking the activities of various departments is accomplished by coordination.   1. Specialization: Modern organizations are organisation by a high degree of organisation. Specialisation arises out of the complexities of modern technology and the diversity of tasks to be performed. Organizations, therefore, need to employ a number of specialists. Specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria. They do not take advice or suggestions from others in matters pertaining to their area of organisation. This often leads to conflict amongst different specialists as well as others in the Organization. Therefore, some coordination is required by an independent person to reconcile the differences in approach, interest or opinion of the specialists 2. OR 3. (i) Mr. Gauranga is working at the top level management. He is responsible for the welfare and survival of the organisation. He formulates overall organisational goals and strategies for their achievment. (ii) Mr. Nityanand is working at the operational/supervisory management. He ensures that quality of output is maintained, wastage of materials is minmised and safety standards are maintained. (iii) Mr. Sanatan is working at the middle level management. He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives.Read more on Sarthaks.com - https://www.sarthaks.com/1623548/govinda-company-different-functions-performed-different-individuals-company-together | | | | | | | | | |  |
| 22 | Explain “Optimum utilization of resources and effective administration” and “Meeting changing environment Requirements” as the significance of Principles of management. | | | | | | | | | | 3 |
|  | Optimum utilisation of resources and effective administration: Resources both human and material available with the company are limited. They have to be put to optimum use. By optimum use we mean that the resources should be put to use in such a manner that they should give maximum benefit with minimum cost. Principles equip the managers to foresee the cause and effect relationships of their decisions and actions. As such the wastages associated with a trial-and-error approach can be overcome. Effective administration necessitates impersonalisation of managerial conduct so that managerial power is used with due discretion. Principles of management limit the boundary of managerial discretion so that their decisions may be free from personal prejudices and biases. For example, in deciding the annual budgets for different departments, rather than personal preferences, managerial discretion is bounded by the principle of contribution to organisational objectives. (iii) Scientific decisions: Decisions must be based on facts, thoughtful and justifiable in terms of the intended purposes. They must be timely, realistic and subject to measurement and evaluation. Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation. (iv) Meeting changing enviornment requirements: Although the principles are in the nature of general guidelines but they are modified and as such help managers to meet changing requirements of the environment. You have already studied that management principles are flexible to adapt to dynamic business environment. For example, management principles emphasise division of work and specialisation. In modern times this principle has been extended to the entire business whereby companies are specialising in their core competency and divesting non-core businesses. In this context, one may cite the decision of Hindustan Lever Limited in divesting non-core businesses of chemicals and seeds. Some companies are outsourcing their non-core activities like share-transfer management and advertising to outside agencies. So much so, that even core processes such as R&D, manufacturing and marketing are being outsourced today. Haven’t you heard of proliferation of ‘Business Process Outsourcing’ (BPO) and ‘Knowledge Process Outsourcing’ (KPO)? | | | | | | | | | |  |
| 23 | Sadaf is the Chief Executive Officer of a reputed company. She introduced appropriate skill development programmes and a sound promotion policy for the employees of her company. To motivate and retain the best talent in the company, she designed the jobs of the managers to include greater variety of work content. Identify and explain the two incentives introduced by Sadaf to motivate the employees of her company.  **OR**  Mrs. Rajlaxmi is working as the Human Resource Cosultant in a firm manufacturing  cosmetic, which is facing a problem of high employee urnover. The CED of the company  has invited suggestions from her for retaining the talented employees & reducing the  employee turnover. Mrs. Rajlaxmi recommends that the good employees be rewarded in a  way that it creates a feeling of ownership among the employees and at the same time  makes them contribute towards the growth of the organization.  (a) Identify the incentive and explain its type, which has been suggested by Mrs. Rajlaxmi to  the CEO of the company.  (b) Also explain any two other incentives of the same type. | | | | | | | | | | 3 |
|  | The two incentives used by Sadaf to motivate the employees of her company are:  (i) Career Advancement Opportunity: It means providing an opportunity to employees to improve their skills to be promoted to higher level of jobs. Appropriate skill development programmes and sound promotion policy provide career advancement opportunity to the employees.  (ii) Job Enrichment: It is concerned with designing jobs that include greater variety of work content and provide the opportunity for personal growth and a meaningful work experience.  OR  1. Financial incentive. Co-Partnership/Stock Option 1. Other financial incentives: 1. Pay and allowances: For every employee, salary is the basic financial incentive. It includes basic pay, dearness allowance and other allowance. Pay hike and increments improve performance level of employees. 2. Profit sharing: Employees are given a share in the profits of the organization. This motives them to improve their performance and contributes to increase in profits of the organization. | | | | | | | | | |  |
| 24 | “Shan Spices Ltd.” are the manufacturer of different food specific spices like Rajmaa Masala, Cholley Masala, Aaloo Parantha Masala etc. Mr. Raghav, the owner of the company has created different departments for purchase, production, marketing, finance and human resource. There are thirty employees working in the organization. Planning is of paramount importance to the company as Mr. Raghav believes that effective planning leads to achievement of organizational objectives. So in order to make employees focus on objectives, he issued instructions that during working hours only official matters will be discussed. He made certain rules and code of conduct for the employees to follow, according to which employees are not allowed to visit and talk to the employees of other departments except for official work. He emphasized on work performance which resulted in smooth functioning of the organization.   1. Identify and state the type of organization mentioned in the above para. 2. State one feature of the concept identified in part (a) as mentioned in the above para.   What was the purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments? | | | | | | | | | | 3 |
|  | Formal organisation is the type of organisation mentioned in the above paragraph. Formal organisation refers to the organisation structure which is deliberately created by the management to accomplish a particular task. It clearly defines the boundaries of authority and responsibility and facilitates systematic coordination among the various activities to achieve organisational goals.  One feature of formal organisation is that it clarifies who has to report to whom by specifying the relationships among various job positions and the nature of their interrelationship.  The purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments is to ensure discipline at workplace and avoid wastage of time. This is help to curb the emergence of informal organisation to a certain extend and increase work efficiency. | | | | | | | | | |  |
| 25 | Ram Murty, a professor of Management conducted a class on ‘Management principles’ and explained to his students the significance of Management Principles. In the next class, the Professor asked his students to play roles of different managers. He gave them various situations and asked them to think like managers and provide solutions to the problems given to these situations. Each student applied the principles of management to the given situation in his own personalized manner, depending upon his creativity.  Identify the nature of management highlighted in the above case and explain its features. | | | | | | | | | | 4 |
|  | Management is an art  (i) Existence of theoretical knowledge: Art presupposes the existence of certain theoretical knowledge. Experts in their respective areas have derived certain basic principles which are applicable to a particular form of art. For example, literature on dancing, public speaking, acting or music is widely recognised. (ii) Personalised application: The use of this basic knowledge varies from individual to individual. Art, therefore, is a very personalised concept. For example, two dancers, two speakers, two actors, or two writers will always differ in demonstrating their art. (iii) Based on practice and creativity: All art is practical. Art involves the creative practice of existing theoretical knowledge. We know that all music is based on seven basic notes. However, what makes the composition of a musician unique or different is his use of these notes in a creative manner that is entirely his own interpretation | | | | | | | | | |  |
| 26 | Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family’s benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behaviour as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.  In context of the above case:  Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job.  OR  Hritik is desirous of setting up a small factory to manufacture different kinds of  eco-friendly packaging materials. He proposes to adopt to logical approach to his business  rather than hit and trial method as he knows that this can result in tremendous saving of  human energy as well as wastage of time and materials. He plans to adopt paternalistic  style of management in practice in order to avoid any kind of class-conflict that may emerge  between him and the workers. Moreover, he plans to seek the opinion of his workers before  taking any important decisions and also offers incentives to them for providing valuable  suggestions for the business.  In context of the above case:  Identify and explain any two principle of scientific management that Hritik plans to  apply in his business. | | | | | | | | | | 4 |
|  | The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows:  Subordination of Individual Interest to General Interest: Through this principle, Fayol advocates that in all circumstances, the interests of an organisation should take priority over the interests of any one individual employee. This is essential because larger interests of the other employees and the stakeholders i.e., owners, shareholders, creditors, debtors, financers, tax authorities, customers and the society at large cannot be sacrificed for the interest of any one person. For example, Mehul tells Neeraj that he might get tempted to misuse his powers for his or his family’s benefit and so he must display exemplary behaviour to raise his stature in the eyes of the company.  Scalar Chain: According to Fayol, the formal lines of authority from highest to lowest ranks are known as scalar chain. He suggests that “The organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.” However, in order to ensure speedy communication during emergencies, Gang Plank is a shorter route that has been provided. However, the superior has to be informed later on.  OR  The various principle of scientific management that Hritik plans to apply in his  business are described below:  1. Science, not Rule of Thumb:  2. Harmony, Not Discord:  3. Cooperation, Not Individualism: | | | | | | | | | |  |
| 27 | JTM Ltd. launched ‘Buddyline’, an exercise book and comprehensive stationery  brand name comprising of ball pens, gel pens and geometry boxes after identifying  the target market and understanding the needs and wants of the consumers of that  market. All their products were of good quality and eco-friendly but expensive. They  wanted to distinguish their products from that of their competitors. They spent lot of  efforts, time and money in creating the brand name, as they knew that without a  brand name, they can only create awareness for the generic products and can never  be sure of the sale of their products. The effort paid off and the demand for the  products started growing. The customers liked the brand and became habitual to it.  They did not mind paying a higher price. Over a period of time, it became a status  symbol to buy ‘Buddyline’ brand because of its quality. The consumers felt pride in  using them.  (i) Identify and explain the marketing management philosophy followed by JTM Ltd.  (ii) Explain the advantages of branding to the marketers highlighted in the above case.  OR  “Every time I travelled, people asked me to bring them chips, khakra and pickles from all over the country,” says Anoushka. Finally, she and her colleague, Sumemet, decided to make out of it. They launched a face book bags, asked people what they wanted, and they came up with a list of about 100 places and tried up with two dozen vendors to begin with. They were servicing people from Jaipur who wanted spices from Kerala, people form Panipat who wanted halwa from Jammu and people from Delhi who ordered for fresh tea leaves form Darjeeling. Through their business they wished to bridge the gap between sellers nd buyers. The business is now worth millions. Explain any two important activities that Anoushka and Sumeet will have to be involved in for making the goods available to the customers at the right place, in the right quantity and at the right time | | | | | | | | | | 4 |
|  | (i) Marketing management philosophy followed by JTM Ltd. is ‘Societal marketing’.  (ii) The advantages of branding for the marketers are:  (a) Differential pricing By building brand acceptance and brand loyalty, a firm can charge a  different price for its product from that of its com pet i tors.  (b) Ease in introduction of new product If a new product is introduced under an established  brand name, it is likely to be accepted easily and get a quick start.  OR  Activities / Components of Physical Distribution: (any two)  1. Order processing:  2. Transportation;  3. Warehousing:  4. Inventory Control: | | | | | | | | | |  |
| 28 | In ‘Chak de India’ movie, Shahrukh Khan becomes the coach of the girls’ hockey team. He knows that he has to prepare the girls for the international hockey matches and bring the world cup after the winning. For this he prepares a long- team plan and thinks the ways how to beat the competitors. He coaches the girls to play in different ways like defensive, offensive, etc. At the outsets of a match he explains who will open the match, and how the ball will be passed by one player to another step by step. Identify four types of plans that are highlight in the above case, quoting the lines from it | | | | | | | | | | 4 |
|  | Objectives – bring the world cup  Strategy – for this he prepares  Method – he coaches the girls  Procedure – at the outset of a match | | | | | | | | | |  |
| 29 | Identify the concept that refers to systematic effort to delegate to the lowest level of authority except that which can be exercised at central points.  State and explain any 4 importance of this concept.  OR  Identify the concept where the authority merely means the granting of authority to  subordinates to operate within prescribed limits.  State and explain any 4 importance of the concept. | | | | | | | | | | 4 |
|  | Decentralisation  Importance of decentralisation is that it helps in development of managerial talent, quick decision making reducing burden on top management, development of initiative, growth and better control.  OR  Delegation  Importance of delegation is that it helps in effective management, employee development, motivation, growth and coordination | | | | | | | | | |  |
| 30 | The directors of a manufacturing company are thinking of issuing Rs. 20 crores worth additional debentures for expansion of their production capacity. This will lead to an increase in debt equity ratio from 2:1 to 3:1. What are the risks involved in it? Explain any three factors other than risk do you think the directors should keep in view. | | | | | | | | | | 4 |
|  | Financial risk  Any three factors from capital structure   1. Cash Flow Position: 2. . Interest Coverage Ratio (ICR): 3. Debt 4. Service Coverage Ratio (DSCR): 5. Return on Investment (RoI): 6. Cost of debt 7. Cost of Equity: 8. Tax Rate: 9. Floatation Costs: 10. Risk Consideration: 11. Flexibility 12. Control 13. Regulatory Framework 14. Stock Market Conditions 15. Capital Structure of other Companies | | | | | | | | | |  |
| 31 | Leadership is the process of influencing people to make them work enthusiastically towards the achievement of group goals, through different leaders have different leadership styles. With references to this, explain the different leadership styles. | | | | | | | | | | 6 |
|  | (i) Autocratic or Authoritarian leader An autocratic leader gives orders and expects his subordinates to obey those orders. If a manager is following this style, then communication is only one-way with the subordinate only acting according to the command given by the manager. This leader is dogmatic i.e., does not change or wish to be contradicted. His following is based on the assumption that reward or punishment both can be given depending upon the result. This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and has to ensure labour productivity. Quick decision-making is also facilitated. But there are variations also, they may listen to everyone’s opinion, consider subordinates ideas and concerns but the decision will be their own. (ii) Democratic or Participative leader A democratic leader will develop action plans and makes decisions in consultation with his subordinates. He will encourage them to participate in decisionmaking. This kind of leadership style is more common now-adays, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the other’s opinion and support subordinates | | | | | | | | | |  |
| 32 | There were two vacancies for the post of Assistant Manager in 'Gyan Electrics Private Ltd'. 'Parth's the Human Resources Manager identified one suitable candidate 'Vishwas' from within the organization and promoted him to the post of Assistant Manager. For another post, the Manager 'Parth's took help of a placement agency and selected 'Saleem's performance though 'Vilahwa's was less qualified than 'Saleem'. Hence, 'Parth decided that in future he will not make any appointment with the help of an outside source. Explain any four reasons on the basis of which 'Parth' would have taken the above decision. | | | | | | | | | | 6 |
|  | 1. Dissatisfaction among existing staff 2. Lengthy process 3. Costly Process 4. Adjustment problem | | | | | | | | | |  |
| 33 | Rasika Ltd. is a company which produces a variety of juices. A profitable business opportunity is seen by it in the field of producing soft drinks. The marketing manager of the company, Piyush Rustogi has to take several decisions, to achieve marketing success, such as:  -whether the drink will be packed in glass bottles or plastic cans;  -what will be the name (brand name) of the drink;  -at what price it will be sold, i.e at par with the price at which other competitive brands are sold or below it or above it;  -what distribution network will be used to make the product available, e.g. hotels, restaurants, groceries shop etc.  -Whether the new soft drink will be promoted by putting up advertisements in newspaper or magazine or on radio or television; or say if newspaper, whether in a local newspaper or a national daily; whether in a paper of regional language or an English daily, etc.  Explain by quoting the lines from the above para the combination of variables chosen by the marketing manager of the company to prepare a new brand of soft drinks. | | | | | | | | | | 6 |
|  | PRODUCT  PRICE  PLACE  PROMOTION | | | | | | | | | |  |
| 34 | Sudha is an enterprising businesswoman who has been running a poultry farm for the past ten years. She has saved Rs. Four Lakhs for her business. She shared with her family her desire to utilize this money to expand her business. Her family members gave her different suggestions like buying new machinery to replace the existing one, acquiring altogether new equipments with latest technology, opening a new branch of the poultry farm in another city and so on. Since these decisions are crucial for her business, involve a huge amount of money and are irreversible except at a huge cost Sudha wants to analyze all aspects of the decisions, before taking any final decision (i) Identify and explain the financial decision to be taken by Sudha (ii) Also, explain briefly the factors that will affect this decision.  OR  Well-being Ltd. is a company engaged in production of organic foods. Presently, it sells its products through indirect channels of distribution. But, considering the sudden surge in the demand for organic products, the company yis now inclined to start its online portal for direct marketing. The financial managers of the company area planning to use debt in order to take advantage of trading on equity. In order to finance its expansion plans, it is planning to raise a debt capital of Rs. 40 lakhs through a loan @ 10% from an industrial bank. The present capital base of the company comprises of Rs. 9 lakh equity shares of Rs. 10 each. The rate of tax is 30%. In the context of the above case: 1. What are the two conditions necessary for taking advantage of trading on equity? 2. Assuming the expected rate of return on investment to be same as it was for the current year i.e. 15%, do you think the financial managers will be able to meet their goal. Show your workings clearly. | | | | | | | | | | 6 |
|  | (i) Investment decision/Capital budgeting decision: Investment/Capital budgeting decision involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors.  (ii) Factors that affect capital budgeting  (a) Cash flows of the project  (b) Rate of return of the project  (c) Investment criteria  OR   1. The two conditions necessary for taking advantage of trading on equity are: ● The rate of return on investment should be more than the rate of interest. ● The amount of interest paid should be tax deductible. 3. Yes, the financial managers will be able to meet their goal as the projected EPS, with the issue of debt, is higher than the present EPS. | | | | | | | | | |  |

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