

BUDHA DAL PUBLIC SCHOOL PATIALA
Second Term Examination (13 December 2024)

Class XII (Commerce)
Subject -Business Studies (Set-A)

Time: 3hrs

M.M.80

General Instructions

1. All questions are compulsory.
2. Questions from 1 to 20 carrying 1 mark each.
3. Questions from 21 to 24 carrying 3 marks each.
4. Questions from 25 to 30 carrying 4 marks each.
5. Questions from 31 to 34 carrying 6 marks each.

- Q1.** When Aaradhya was not given the possession of the plot by the builder, inspite of paying the full price of the plot as per the terms and conditions of the allotment letter, she filled a case in the State commission. Identify the right of consumers being exercised in the given case.
a) Right to Safety b) Right to be heard c) Right to seek redressal d) Right to Consumer education
- Q2.** In order to get feedback about its recently launched immunity boosting Ayurvedic medicine, Atulya limited conducted an online survey using questionnaire, to gather customer views and opinions. Identify the marketing function being used by Atulya Limited.
a) Standardisation b) Product designing
c) Customer support service d) Gathering and analyzing market information
- Q3.** _____ involves a variety of programmes designed to promote and protect a company's image and its individual products in the eyes of the public.
a) Advertising b) Personal Selling c) Publicity d) Public relations
- Q4.** _____ refers to a situation when a company is not able to meet its fixed financial obligations.
a) Financial leverage b) Financial risk c) Financial planning d) None of these
- Q5.** "It is essentially the preparation of a financial blue print of an organisation future operations." Identify the related concept indicated here.
a) Financial management b) Financial planning c) Capital budgeting decision d) Dividend decision
- Q6.** District commission shall have jurisdiction to entertain complaints where the value of goods and services paid as consideration does not exceed.
a) Rs. 25000 b) Rs. 1 lakh c) Rs. 1 crore d) Rs. 5 lakh
- Q7.** Which of the following is a regulatory function of SEBI?
a) Controlling of takeover bids by companies.
b) Controlling insider trading
c) Taking steps for investors protection
d) Conducting research and publishing information useful to all market participants.
- Q8.** _____ decision decides about the quantum of finances to be raised for various long term sources.
a) Investment b) financing c) dividend d) none of these
- Q9.** How does taxation policy affect dividend decision?
a) If tax on dividend is higher, company will prefer to pay more by way of dividends
b) If tax on dividend is higher, company will prefer to pay less by way of dividends
c) The tax on dividend does not affect the amount of dividends to be paid.
d) None of these
- Q10.** ABC Ltd. has Debt equity ratio of 3:1 whereas XYZ Ltd. has Debt equity ratio of 1:1. Name the advantage ABC Ltd. will have over XYZ Ltd., when the rate of interest is lower than the rate of investment of the company.
a) Trading on equity b) Low risk c) Low cost of equity d) Greater flexibility

Q11. Adapting to a change in consumer preference towards online shopping, Yaman Ltd. started a delivery app for 10 minute deliveries of groceries. Because of this service he earned huge profit within a year. He planned to expand its operations and decided to raise funds by directly issuing its securities to investors. The market through which the company has decided to raise funds for its expansion is :

- a) Money market b) Primary market c) Secondary market d) Both primary and secondary markets

Q12. Name the decision which affects both the profitability and the financial risk.

- a) Financial planning decision b) Capital budgeting decision
c) Capital structure decision d) All of the above

Q13. Gitanjali Makan is a successful business leader. She believes that if jobs are made interesting by including greater variety of work content and providing a meaningful work experience, the jobs themselves become a source of motivation to individuals.

The non-financial incentive that has been discussed in the above case is:

- a) Employee Participation b) Job enrichment c) Career advancement opportunity d) Job security

Q14. Financial leverage is called favourable if :

- a) Return on investment is lower than the cost of debt.
b) ROI is higher than the cost of debt.
c) Debt is easily available
d) If the degree of existing financial leverage is low.

Q15. Daniel and Andrew are two friends engaged in their respective businesses. Daniel concentrates on producing products that meet the needs of producers and sells whatever is produced by any means necessary. Andrew believes in achieving the firm's goals through understanding the needs of consumers and delivering the right products to them and constantly monitoring competitors. Which marketing management philosophies do Daniel and Andrew adhere to in their businesses?

- a) Product and selling b) Selling and marketing
c) Marketing and product d) Production and product

Q16. Match the Column A with Column B in the following information:

Column A		Column B
i)	The investor has to deliver the shares sold or pay cash for the shares bought.	a) Function of stock exchange
ii)	The exchange will deliver the shares or make payment to the other broker in cash of purchase.	b) Objective of stock exchange
iii)	Providing liquidity and marketability to existing security.	c) Pay in day
iv)	To protect the rights and interest of investors.	d) Pay out day

- a) (i) - a , (ii) - b , (iii) - c, (iv) - d b) (i) - b, (ii) - a, (iii) - d, (iv) - c
c) (i) - c , (ii) - d , (iii) - a, (iv) - b d) (i) - b, (ii) - c, (iii) - b, (iv) - a

Q17. For the following two statements, choose the correct option:

Statement 1: If the demand of a product is inelastic, the firm is in a position to fix higher price.

Statement 2: In case the degree of competition is high, the firm is in position to set high prices.

Choose the correct option from options given below:

- a) Statement 1 is correct and Statement 2 is wrong.
b) Statement 2 is correct and Statement 1 is wrong.
c) Both the statements are correct.
d) Both the statements are wrong.

Q18. Sheela went to a free eye camp and got her eyes operated for cataract. The surgery was not done properly, due to which she lost her vision. Where can she file a complaint under consumer protection act?

- a) At district commission b) State commission c) National commission d) None of above

Q19. Suraj is a small entrepreneur involved in the manufacturing of hair wax. He finds that cost of production of 100 gm of hair wax is Rs. 250. He has decided to keep a margin of 15% as profit, Moreover, he has assessed that there is a free competition in this product segment.

Identify the function of marketing being performed by Suraj.

- a) Pricing b) Marketing planning c) promotion d) physical distribution

- Q20.** It acts like a bank and keeps securities in electronic form on behalf of the investor.
- a) Depository participant b) Depository c) Stock exchange d) None of the above
- Q21.** Sun industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokero. Currently it produces about three million tonnes of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require Rs. 1800 crore of fixed capital and Rs. 200 crore of working capital. To raise the funds the company is considering whether it should issue equity shares 7% debentures of Rs. 2000 crores. Presently the capital structure is comprising of equity only. The finance manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures.
- a) Is it justified to raise funds by issuing debentures? Give reason in support of your answer.
- b) Explain the impact of issue of debentures on the risk faced by the company.
- c) Explain the impact of 'Cost of debt' on the capital structure of the company.
- Q22.** One of the functions of securities and exchange board of India is 'promotion of fair practices and code of conduct in securities market'. State the category to which this function belongs and state any two other functions of this category.
- Q23.** After doing a course in online trading an online portal for stock trading under the name 'Investment guru'. He met his school friend Ajay after a long time in a bank where Ajay had come to open a D Mat account. Arsh urged Ajay to invest in the forth coming IPO of a blue chip companies where as Ajay was inclined to buy existing securities of the other companies to build his investment portfolio. In context of the above case:
- a) Identify the two different types of capital market being referred to by quoting lines from the para.
- b) State any four differences between the two different types of capital markets as identified in part a.
- Q24.** The research and development department of healthy production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the companies well have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters.
- a) Identify and briefly explain the promotional tool being discussed above.
- b) Also explain any two other promotional tools that can be used by the company, apart from the one discussed above.
- Q25.** Mr. Akshay, a 20 year old college student, purchased a book online from XYZ Pvt. Ltd. and when it was delivered, he noticed that there was no MRP mentioned on it. He browsed the internet and found that the book was sold at different prices in different places. He filled a case in district forum against the publisher. The court held in favour of Akshay and awarded a compensation of Rs. 10,000.
- a) Identify and state the consumer right violated in the above para.
- b) Name and explain the right exercised by Mr. Akshay.
- Q26.** 'Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs. 50 lakh from ICICI Bank and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.
- The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.
- Quoting the lines from the above discussion, identify and explain any four such factors.
- Q27.** Nayar is working as P.G.T. Commerce in a CBSE affiliation school of Kerala. One day he was teaching about capital market in the class. He informed the class that during 1980's the capital market in India witnessed a tremendous growth because of increasing participation of the public. This ever increasing investors' population and market capitalization led to a variety of malpractices on the part of the companies, brokers, merchant bankers, investment consultants and others involved in the securities market. These malpractices and unfair trading practices eroded investors' confidence and multiplied investors' grievances. The Government of India and stock exchanges were helpless in redressing the investors' problems because of lack of proper penalty provision in the existing legislation. In view of this the Government of India decided to set up a regulatory body:

- a) Name the regulatory body which the Government of India decided to set up.
- b) Also state any three objectives of the regulatory body identified in part (a) above.

Q28. Shyam purchased a machine for Rs. 3 crore from a company and found that machine was not as per specifications. Despite many complaints, the defect was not rectified. Suggest the appropriate authority to file his complaint. Can he appeal to supreme court if he is not satisfied with the order of appropriate authority? Justify your answer with a valid reason.

Q29. X Ltd. issued 14% debentures of Rs. 40000 and 10,000 equity shares of Rs. 60 each. This investment resulted in a net profit of Rs. 2, 00,000 before interest and taxes. The tax rate was 50%.

- a) Calculate the rate of return and earning per share of X Ltd.
- b) State with reason whether the above example is that of favourable or unfavourable financial leverage.

Q30. Sameeksha is a Class-XII student having Business Studies as one of her subjects. After studying 'Consumer Protection' as one of the chapters in Business-Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipies. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of 'Bread Maker' available in the market and compared their price, so that an intelligent and wise choice can be made. Then she went to a near by market to buy it. Being an informed consumer she looked for the Standardization mark, negotiated the price printed on the label, checked the date of manufacturing and asked for guarantee or warranty of the product.

After satisfying with all the concerned information she purchased the Bread Maker and as a responsible consumer asked for the cash-memo. After coming back home she opened the packaging of the Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Break Market step-by-step and succeeded in making nice 'Atta Bread' for her family. Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker'. State any four responsibilities fulfilled by Sameeksha beside asking for cash memo.

Q31. Since childhood Niru and Janak had been watching their grandmother procuring wheat from the market, washing it well, drying it and getting it converted into Atta. They conducted a survey to collect data to identify whether there is demand for readymade Atta and realized that with the growing number of working women, it is the need of the hour to manufacture high quality Atta. They named their product 'Srijan' and set up 'Srijan Atta factory' at Jaunpat Village. To penetrate in the market, they decided to keep price low. For maintaining smooth flow of their product into the market and avoiding delays in delivery, it was decided to store wheat at SKM services which had scientific processes and logistics facilitating quick delivery. They also set up an online complaint portal to take care of consumer grievances.

By quoting line from the above paragraph, state and explain four marketing functions undertaken by Niru and Janak for successful marketing of 'Srijan Atta'.

Q32. Radhika got 10,00,000 rupees after selling her parental property which she had got as a gift from her grandmother. Her friend advised her to invest in securities in the stock market. Radhika was unaware of the procedure for the same. Her friend introduced her to a stock broker, who was registered with the National stock exchange. Radhika approached the broker. The broker guided her to open a DEMAT account with a depository, as well as a bank account.

Radhika opened a bank account and DEMAT account with Exin bank.

- a) Identify the steps in the trading procedure for buying and selling of securities which have been discussed above.
- b) State the next four steps of the trading procedure.

Q33. State any four factors affecting the decision that determines the overall cost of capital and the financial risk of the enterprise.

Q34. Sankalp and Kavi, students of 12th Class with 'Business Studies' an elective subject were discussing the elements of marketing mix. Sankalp said that one of the important elements of marketing mix is related to the amount received for the goods sold or services rendered. Kavi requested Sankalp in knowing the name of that element. Sankalp also added that this element is also affected by various factors. Kavi asked Sankalp to explain these factors for which Sankalp agreed.