

BUSINESS STUDIES

QUESTION BANK

GRADE- XII

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TOPICS

1. NATURE AND SIGNIFICANCE OF MANAGEMENT
2. PRINCIPLES OF MANAGEMENT
3. BUSINESS ENVIRONMENT
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6. STAFFING
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9. FINANCIAL MANAGEMENT
10. FINANCIAL MARKETS
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NATURE AND SIGNIFICANCE OF MANAGEMENT

ASSERTION AND REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion (A) and Reason (R) and choose the correct alternative:

1. **Assertion (A):** Effectiveness and efficiency are two sides of the same coin. A manager cannot compromise on any of them.
Reason (R): It is always very easy to be effective as well as efficient.
(a) Both A and R are true, but R is not the correct explanation of A.
(b) Both A and R are true, and R is the correct explanation of A.
(c) A is true, but R is false.
(d) A is false, but R is true

2. **Assertion (A):** Large organisations are well equipped to manage themselves so coordination does not have much importance.
Reason (R): As organisations grow in size, the number of people employed by the organisation also increases, hence coordination is required.
(a) Both A and R are true, but R is not the correct explanation of A.
(b) Both A and R are true, and R is the correct explanation of A.
(c) A is true, but R is false.
(d) A is false, but R is true

3. **Assertion (A):** Management can be called an inexact science.
Reason (R): Management deals with human beings and human behaviour, the outcomes of experiments are not capable of being accurately predicted or replicated.
(a) Both A and R are true, but R is not the correct explanation of A.
(b) Both A and R are true, and R is the correct explanation of A.
(c) A is true, but R is false.
(d) A is false, but R is true.

UNDERSTANDING BASED QUESTIONS (3 Marks)

4. Sunrise Ltd is a well-known pharmaceutical company. The capital of the company has increased manifold and they have added new branches as well as the number of products and employees have increased. This shows that the company has achieved one of its objectives.
a) Identify the objective highlighted above.
b) Briefly explain the other objectives which the company has to fulfil.

5. It is found that organisations perform various kinds of activities like production of goods, providing services etc. The employees are to be managed so that the objectives are achieved. This is brought about by linking the production activities and the employees in a constructive way. Identify and explain the feature of management.

PRINCIPLES OF MANAGEMENT
APPLICATION BASED QUESTIONS (1 Mark)

1. 'The degree of concentration of authority and its dispersal will depend upon the situations and circumstances of each enterprise.' The nature of Principle of Management reflected in the above line is:

(a) General guidelines	(b) Contingent
(c) Flexible	(d) Cause & effect relationship

2. Minakshi, a manager in 'King-size Burgers' has laid down certain rules to be followed by her employees like- no leave without permission, wearing proper uniform and carrying ID cards during working hours. This shows adherence to the principle of _____

(a) Equity	(b) Discipline
(c) Order	(d) Scalar chain

3. Manav Seva is an organisation which is into the manufacturing of spare parts for electric vehicles. In the organisation, the productivity started falling with the arrival of the new production manager, Saksham. It was noticed that employees would often not report to work on time but leave the factory at scheduled departure. Saksham devised a policy declaring deduction of one-day salary against three consecutive delays. This announcement inculcated a fear of penalty, thus, resulting in desired result and reducing the late arrivals drastically. Identify the Principle of Fayol applied by Saksham.

(a) Discipline	(b) Authority and Responsibility
(c) Remuneration	(d) Initiative

4. Which technique of Taylor is the strongest motivator for workers who are efficient and often perform more than the standard performance set for each worker in a factory?

(a) Time Study	(b) Functional Foremanship
(c) Fatigue Study	(d) Differential Piece Wage System

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion (A) and Reason(R) and choose the correct alternative:

5. Assertion (A): Principles equip the managers to foresee the cause and effect relationship of their decisions and actions.
Reason (R): Principle of management limits the boundary of managerial discretion so that their decisions may be free from personal prejudices and bias.

(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of (A).

- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of (A).
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true.
6. Assertion (A): Panchayats in our country have been given more powers to decide and spend funds granted to them by government for the welfare of villagers.
Reason (R): Government has applied the principle of decentralisation at the national level.
- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of (A).
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true.

UNDERSTANDING BASED QUESTIONS (3 Marks)

7. Mineral Drinks Ltd. Nagpur, serves as a bottler and undertakes the bottling and distribution of Coca Cola in Central India. Mr. Dev Bhattacharya's aim is to maintain the international standards in core as well as non-core activities carried out in the Plant. Inventory section has different shelves allocated for storing different product ranges. There are four supervisors in the Production department who look into the quality and timely and accurate completion of work. Mr. Singh from the planning department based on his analysis, has set the performance standard for workers in the bottling section which is 5000 bottles in a day. Anybody who achieves the time standard is given an incentive.
Identify and explain the techniques given by Taylor mentioned in the above case.
8. The employees of Intellectual Ltd. were not working effectively and efficiently due to which there was a decrease in the profit margin of the company. Mr. Ashok was appointed as a new manager in place of Mr. Raghav who resigned the organisation few days back. After joining Mr. Ashok found that the employees' opinion and suggestions were not considered before making any decision on matters related to them. And also they were not given enough time to show results. This created an insecurity and instability among the employees. Therefore, Mr. Ashok made a policy that there must be an almost equal division of work and responsibility between the workers and management. And also, any constructive suggestion given by an employee, which results in substantial reduction in costs should be rewarded.
- (a) Identify and explain the Principles of management being violated in the above paragraph.
- (b) Identify the Scientific Principle being followed in the above paragraph.

9. Bhavanalaya is an institution which organised an interschool fest with a vision to impart experiential learning to the students. During the fest, the students were given responsibility for various different task depending on the department they were allotted. For example, logistics, team, IT team etc. However, when these teams were created, one student was deliberately assigned as the team head to facilitate coordination between various departments and he /she took the accountability to get the work done through his teammates and all worked with a sense of belongingness. This led to a successful execution of the planned event. With reference to the given case explain any three principles of Management.
10. Divya is pursuing his career in Hotel management and one day he was invited for an Alumni meet by his school. On revisiting the school campus after three years he realized that how management was such a subject which was so relevant in the past as well as present. He told his juniors that principles of management can be easily observed even during regular school days. He pointed out how there is a fixed place for everything and everyone whether it is the school book store, the senior library or the medical room. Similarly, in classrooms, every child receives the same attention and guidance without any discrimination. However, every student is expected to abide by the school rules and honour their commitments. In context to the given case identify the three principles of management by quoting the lines.

CASE STUDY (6 Marks)

11. Sneha recently joined Google as a General Manager HR. While addressing her team she was very clear about maintaining a just and fair approach by seniors at every level as she firmly believed that a motivated team can do wonders. Her team felt highly motivated with the kind of faith she exhibited in her address and there never emerged any need for penalising any member instead for every successful project, Sneha would pass the credit to her team member and strengthen the team spirit. Identify and explain the three principles of management referred in the given case.
12. Through scientific principles of management, Taylor introduced some principles and techniques. He emphasised on change of mind-set on the part of both management and workers. According to Taylor, management should share the gains of the company if any with the workers at the same time, workers should work hard and be willing to embrace change for the good of the organisation. At the same time management should not close its ears to any constructive suggestions made by the employees.
- a) Identify and explain the concept given here.
 - b) Explain the two principles of scientific management highlighted in the above case.
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BUSINESS ENVIRONMENT

MCQs (1 Mark)

1. As a result of demonetisation, the transactions on the Unified payment interface has increased. The preference of customers has also changed from making cash payments to a mobile based fund transfer system. Digital wallets and card payments have been the alternative to cope with the cash crunch.

Which dimension of business environment is mentioned here?

- (a) Technological dimension
 - (b) Social dimension
 - (c) Both (a) and (b)
 - (d) Political dimension
2. Amazon.com, Inc. is an American multinational technology company focusing on e-commerce, cloud computing, online advertising etc. The company gives much importance to environmental scanning as it helps to see what opportunities and risks might come up in the future. This is done as part of the strategic planning process to make better decisions for future. Identify the importance of Business environment highlighted here.
 - (a) It helps in coping with rapid changes
 - (b) It helps assisting in planning and policy formulation
 - (c) It helps in improving performance
 - (d) It enables firms to identify opportunities and getting the first mover advantage.

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion(A) and Reason(R) and choose the correct alternative:

3. Assertion (A): The knowledge of the approaching threats enables the business managers to face it in the best possible manner by deciding upon the best course of action in advance.
Reason (R): In the absence of complete understanding of the business environment it will be very difficult for the business managers to achieve the desired goals.
 - (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 but 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.
4. Assertion (A): Business environment includes both specific and general forces.
Reason (R): Specific forces includes social, political, legal and technological

conditions which have an impact on business enterprises and thus may affect an individual firm only indirectly.

- (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 but 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.

CASE STUDY BASED QUESTION (4 Marks)

5. Fabric Abode is a famous textile company. It has different branches in different parts of the world. However, the requirements of the customers are different in different branches. This is due to the change in cultures and lifestyles of people in the different countries. The market in which it is dealing is known for offering iconic designs and high-quality fabrics. Company knows that the demand for these products are unpredictable as new designs keep on coming and the industry keeps on changing frequently. There is a Research and Development Department which keeps on updating about the trend changes in materials and designs. However, the outside business environment is characterized by changing customer preferences, entry of new competitors, making it change. A meeting was organized to understand the external business environment. However, after the meeting it was realised that business environment can't be understood in totality it can only be understood by breaking it into its dimensions.

Various features of business environment are being discussed in the above paragraph. By quoting the lines from the above identify and explain any four features.

PLANNING

MCQs (1 Mark)

1. “Planning cannot foresee everything and thus, there may be obstacles to effective planning”. Identify the limitation of planning being highlighted above.
 - (a) Planning reduces creativity.
 - (b) Planning may not work in dynamic environment.
 - (c) Planning involves huge cost.
 - (d) Planning leads to rigidity.

2. How does planning reduce the risks of uncertainty?
 - (a) By setting clear objectives and targets
 - (b) By minimizing wasteful activities
 - (c) By anticipating changes and developing responses to them
 - (d) By establishing standards for controlling

3. Which feature of planning states that it is required at all levels of management?
 - (a) Pervasive
 - (b) Futuristic
 - (c) Mental exercise
 - (d) Primary function

4. A comprehensive plan, which requires setting up an objective for the long term, taking a particular course of action and allocating of resources to achieve the objective is known as -----.
 - (a) Policy
 - (b) Procedure
 - (c) Strategy
 - (d) Programme

CASE STUDY BASED QUESTION (6 Marks)

5. ‘Rochester electronics’ deals in bulb manufacturing business. It plans for a successful year of production and sale this year. It has given well in advance targets to all its departments and employees. The goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken. The activities and efforts of different divisions, departments and individuals are well coordinated. It helps in avoiding confusion and misunderstanding. The company is thinking of starting two new plants in the southern part of India. For this some concrete plan has to be made. The main core team of the company has decided to weigh all the options and then choose the best one. The road might be long but the company is geared to face all the

challenges. Identify the importance of planning highlighted by quoting the lines from the above case.



ORGANISING

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion(A) and Reason(R) and choose the correct alternative:

1. Assertion (A): Delegation is a pre-requisite to the efficient functioning of an organization.
Reason (R): It enables a manager to focus on high priority activities.
(a) Both (A) and (R) are incorrect
(b) (A) is correct but (R) is incorrect
(c) Both (A) and (R) are correct and (R) is the correct explanation of A
(d) Both (A) and (R) are correct but (R) is not the correct explanation of A
2. Assertion (A): Responsibility is derived from authority
Reason (R): The scope of authority is greater at higher levels in the management
(a) Both (A) and (R) are incorrect
(b) (A) is correct but (R) is incorrect
(c) Both (A) and (R) are correct and (R) is the correct explanation of A
(d) Both (A) and (R) are correct but (R) is not the correct explanation of A

UNDERSTANDING BASED QUESTION(4 Marks)

3. The top management of ABC Industries has always believed in the ideas and suggestions of its employees. It has dispersed decision making authority at all the levels. As a result, productivity has increased and customers get prompt deliveries against their order. Identify the management philosophy highlighted in the above case and state any three points of importance.

CASE STUDY BASED QUESTIONS (6 Marks)

4. Deepak started a factory to manufacture shoes. After success in this business he diversified into leather bags and western formal wear for women.
a) Identify and explain the type of structure which is suitable for the expanded enterprise.
b) Give any four advantages of the same.
5. Sreeram works as a Corporate Event Coordinator in S&S Event Management company. He is in charge for organizing a Painting exhibition for one of the clients of the company. For this purpose, he identifies and divides the whole work into various groups like marketing committee, decoration committee and reception committee. He also appoints supervisor for each group and all the supervisors are expected to work as per Sreeram's order.

- a) Identify and explain the function of management being performed by Sreeram
- b) Explain the steps involved.



STAFFING

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion(A) and Reason(R) and choose the correct alternative:

1. Assertion (A): The task of staffing involves manning the organisational structure.
Reason (R): It involves not only the requirements, but also the subsequent growth of individuals within the company.
 - (a) Both A and R are correct
 - (b) A is correct R is incorrect
 - (c) Both A and R are correct and R is the correct explanation of R
 - (d) Both A and R are correct but R is not the correct explanation of R

2. Assertion (A): An internal source of recruitment is advertisement.
Reason (R): Advertising provides the manager with a larger pool of candidates from which to choose.
 - (a) Both A and R are correct
 - (b) A is correct R is incorrect
 - (c) Both A and R are correct and R is the correct explanation of R
 - (d) Both A and R are correct but R is not the correct explanation of R

3. Assertion (A): Interest tests are used to determine a person's pattern of interests or engagement.
Reason (R): A selection test is a method of attempting to quantify certain attributes of a person.
 - (a) Both A and R are correct
 - (b) A is correct R is incorrect
 - (c) Both A and R are correct and R is the correct explanation of R
 - (d) Both A and R are correct but R is not the correct explanation of R

APPLICATION BASED QUESTION (3 Marks)

4. Identify the type of training involved and also categorise whether it is 'on the job' training or 'off the job training':
 1. In a shoe manufacturing company, a group of new recruits are being trained. They are trained under an experienced trainer Mr. Arun. He is training them skills which will require at least six months of dedication under real work environment.
 2. An MBA student is having a combined training analysis where he is having two mentors. One mentor is from the college and the other is from the company. The idea is to give real knowledge about the corporate functioning.
 3. In a steel plant training is given to the new employees on sophisticated machines which are not being operated at the workplace. These machines are kept away. Actual work environment is created inside the classroom and the trainees are guided properly there itself.

KNOWLEDGE BASED QUESTION (4 Marks)

5. Mr. Naresh recently completed his Masters in HRM from IIM. He has been appointed as HR Manager in a lorry manufacturing company. The company has 1200 employees and has an expansion plan in hand that may require additional 700 persons for various types of jobs. Mr. Naresh has been given the complete charge of the company's HR Department.
List out the specialised activities that Mr. Naresh is supposed to perform as the HR Manager of the company.
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DIRECTING

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statements Assertion (A) and Reason (R) and choose the correct alternative:

1. Assertion (A): Motivation is a complex process

Reason (R): Individuals are heterogeneous in their expectations, perceptions and reactions.

- (a) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct and Reason (R) is incorrect.
- (d) Assertion (A) is incorrect and Reason (R) is correct.

2. Assertion (A): Directing initiates action.

Reason (R) : Directing is first initiated at top level and flows to the bottom through organisational hierarchy.

- (a) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct and Reason (R) is incorrect.
- (d) Assertion (A) is incorrect and Reason (R) is correct.

CASE STUDY BASED QUESTION (3 Marks)

Shankar and Sumesh are working as teachers in the Department of Mathematics in Global School, Pune. One day during the recess time, Sumesh informed Shankar that in a span of few years many teachers will lose their jobs if AI is introduced in classroom teaching. Identify the type of communication followed in the above case. Also state two merits of the type of communication identified.

CASE STUDY BASED QUESTIONS (4 Marks)

4. Mr. Rohit the CEO of SS Automobiles Ltd., was facing a problem of huge employee turnover in his company. He called a meeting of the managers of all the departments to address the issue at the earliest. In the meeting it was decided, measures should be taken to provide psychological and emotional satisfaction to the employees which will motivate the employees to exhibit improved performance. He suggested that individual autonomy should be given to the employees, jobs should be designed in such a way that it includes a greater variety of work content and employees should be acknowledged for their performance. Identify the type of incentive and explain the measures taken by Rohit to motivate his employees.

 5. Raghav recently joined as the Marketing Head of 'Ideal Ltd', a company dealing with footwear for school children. The financial status of the company was not favourable. He observed that the company had a number of well qualified and experienced personnel on its payroll. They regularly offered useful suggestions which were neither rewarded nor appreciated by the company. Employees were dissatisfied and stopped taking initiative to share their suggestions.
 - a) Identify the type of communication barrier discussed above.
 - b) Name the category of this communication barrier.
 - c) Explain any two communication barriers of the same category.
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CONTROLLING

ASSERTION REASONING BASED QUESTIONS (1Mark)

Read the following statements Assertion (A) and Reason (R) and choose the correct alternative:

1. Assertion (A): Controlling is evaluative.

Reason (R): Controlling is forward-looking as well as backward-looking function.

- (a) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct and Reason (R) is incorrect.
- (d) Assertion (A) is incorrect and Reason (R) is correct.

2. Assertion (A): Controlling helps in making efficient use of resources.

Reason(R): By exercising control, a manager seeks to reduce wastage and spoilage of resources.

- (a) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct and Reason (R) is incorrect.
- (d) Assertion (A) is incorrect and Reason (R) is correct.

3. Assertion (A): Controlling is not the last function of management, but is the function which brings back the management cycle to planning.

Reason (R): Controlling is both backward looking as well as forward looking function

- (a) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct and Reason (R) is incorrect.
- (d) Assertion (A) is incorrect and Reason (R) is correct.

4. Statement –I: Controlling does not provide direction to all activities and efforts for achieving organizational goals.

Statement – II: Controlling is not required in an educational institution hospitals club and in any business organizations.

- (a) Statement I is correct and Statement II is wrong
- (b) Statement I is wrong and Statement II is correct

- (c) Both the Statements are correct
- (d) Both the Statements are wrong

KNOWLEDGE BASED QUESTION (3 Marks)

5. There are 2 managers, Rahim and Rajesh.” Rahim is saying controlling is backward-looking whereas according to Rajesh, controlling is forward-looking”. Who is correct? Explain why.

FINANCIAL MANAGEMENT

MCOs (1Mark)

1. Which among the following is not a factor affecting dividend decision?

- (a) Cash Flow position
- (b) Stock Market reaction
- (c) Floatation cost
- (d) Taxation Policy

2. Name the decision that affects the liquidity as well as profitability of the business.

- (a) Dividend Decision
- (b) Capital Budgeting Decision
- (c) Working Capital Decision
- (d) Financing Decision.

ASSERTION REASONING BASED QUESTIONS (1 Mark)

Read the following statement Assertion (A) and Reason (R) and choose the correct alternative:

3. Assertion (A): A company's earnings per share (EPS) can be increased by taking more debt.

Reason (R): By using debt, a company can reduce its tax liability, which in turn, increases its earnings.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true but (R) is not the correct explanation of (A).
- (c) Assertion (A) is true but Reason (R) is False
- (d) Assertion (A) is False but Reason (R) is true.

4. Assertion (A): Trading on Equity increases the return to equity shareholders.

Reason (R): Cost of debt should be lower than the Return on Investment

- (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 but 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

5. Focus Ltd. specializes in selling ready-made clothes. The demand of ready-made clothes is increasing so it intends to expand its reach across India by collaborating with an American manufacturer. Which of these following factors influences Focus Limited's fixed capital needs in the above context?

- (a) Technology upgradation
- (b) Scale of operation
- (c) Growth prospects
- (d) Diversification

6. After issuing equity shares a company realized that funds raised were in excess of the actual requirement. The concept which was not considered by the company before deciding the amount of funds to be raised is _____

- (a) Capital Structure
- (b) Financial Planning
- (c) Dividend Decision
- (d) Investment decision

7. Which financial tool is used to evaluate the overall financial health of a company and its ability to meet its long-term obligations?

- (a) Working Capital Ratio
- (b) Debt Service Coverage Ratio
- (c) Quick Ratio
- (d) Inventory Turnover Ratio

APPLICATION BASED QUESTIONS (4 Marks)

8. Heaven Ltd., a company specializing in ready-made garments, is considering an expansion of its business operations to target the international market. To facilitate this expansion, the company requires an additional investment of ₹ 90,00,000 for upgrading its machinery to more modern equipment with enhanced production capacity. To secure the necessary funds, the company is contemplating the issuance of debentures at an estimated cost of 11%. In the previous fiscal year, the company achieved an EBIT of ₹10,00,000, and the total capital investment amounted to ₹1,00,00,000. Show the working and give your reason on whether the issuance of debentures is a sound decision for the company.

9. A Ltd has the following capital structure:

	₹
Equity share capital (of ₹ 100 each)	1,00,000
10% Preference share capital (of ₹ 100 each)	2,00,000
10% debentures (of ₹100 each)	2,00,000

If EBIT is (i) ₹.1,00,000 (ii) ₹ 80,000 and (iii) ₹ 1,20,000.

Calculate EPS and financial leverage under three situations.

Assume 50% tax rate.

CASE STUDY BASED QUESTIONS (6 Marks)

10. Sales Corner is a successful electronic goods manufacturer, consistently achieving robust profits. With a healthy cash position and promising growth prospects, it stands as a well-managed organization, prioritizing quality and fair remuneration. The company comprises of shareholders seeking regular income. It has secured a loan from a financial institution subject to the dividend payment restrictions outlined in the loan agreement.

From the above, identify and explain the factors influencing the decision on profit retention versus distribution in the company.

11. IBM Tech Ltd., is one of the reputed information technology outsourcing services providers in India. The company provides business consultancy and outsourcing services to its clients. Over the past five years the company has been paying dividends at high rate to its shareholders. However, this year, although the earnings of the company are high, its liquidity position is not so good. Moreover, the company plans to undertake new ventures in order to expand its business. In context of the above case:

i) Give any three reasons because of which you think Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years.

ii) Comment upon the likely dividend policy of the company this years by stating any two reasons in support of your answer

FINANCIAL MARKETS

Choose the correct option:

1. Statement 1: Just like a bank keeps money in safe custody for customers, a depository also is like a bank and keeps securities in electronic form on behalf of the investor.

Statement 2: The depository participants serve as an intermediary between the investor and the depository who is authorised to maintain the accounts of dematerialised shares.

- (a) Statement 1 is correct and Statement 2 is not correct.
- (b) Statement 2 is correct and Statement 1 is not correct.
- (c) Both the statements 1 and 2 are correct.
- (d) Both the statements 1 and 2 are not correct.

2. Statement 1: On the T+2 day, the exchange will deliver the share or make payment to the other broker. This is called the pay-in-day.

Statement 2: Now all Initial Public Offers (IPOs) are issued in dematerialisation form and more than 99% of the turnover is settled by delivery in the form.

- (a) Statement 1 is correct and Statement 2 is not correct.
- (b) Statement 2 is correct and Statement 1 is not correct.
- (c) Both the statements 1 and 2 are correct.
- (d) Both the statements 1 and 2 are not correct.

Read the following statements Assertion (A) and Reason (R) and choose the correct alternative:

3. Assertion (A): Money market instruments are much safer with a minimum risk of default.

Reason (R): This is due to shorter duration of investing and the financial soundness of the issuers which primarily are government banks and highly rated companies.

- (a) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (c) Assertion (A) is true and Reason (R) is false.
- (d) Assertion (A) is false and Reason (R) is true.

UNDERSTANDING BASED QUESTIONS: (4 Marks)

4. Lakhan had been wanting to purchase shares from a very long time. So last month he approached Fintek Securities Ltd. and got his D-Mat account opened. But he is little hesitant to place an order thinking about the steps involved thereafter. As an experienced stock investor you are required to state the steps involved thereafter.

5. Compare primary and secondary market on the basis of Nature of Securities, Process of transaction, Capital Formation and Location.

MARKETING

MCQ (1 Mark)

1. Identify the philosophy which states that a business should be able to convince the customer that the product the business has to offer is the one which the customer will need.
(a) Societal (b) Production (c) Selling (d) Product

ASSERTION REASONING BASED QUESTIONS (1Mark)

2. Assertion(A): The main task of Public Relation is to disseminate information and build goodwill about the business.
Reason (R): Concrete steps are to be taken to monitor the attitude of the general public and generate positive publicity.
(a) Both A and R are true and R is the correct explanation of A.
(b) Both A and R are true but R is not the correct explanation of A.
(c) A is true and R is false.
(d) A is false and R is true.
3. Assertion(A): Promotion refers to the use of communication with the twin objective of informing the potential customers about a product and persuading them to buy it
Reason (R): A prerequisite for success of any organization, therefore is to understand and to respond to customer needs.
(a) Both A and R are true and R is the correct explanation of A.
(b) Both A and R are true but R is not the correct explanation of A.
(c) A is true and R is false.
(d) A is false and R is true.
4. Assertion(A) : The focus of business firms shifted to pushing the sale of products through aggressive selling techniques.
Reason (R): Product improvement became the key to profit maximization of a firm

under the concept of product orientation

- (a) Both A and R are true and R is the correct explanation of A.
- (b) Both A and R are true but R is not the correct explanation of A.
- (c) A is true and R is false.
- (d) A is false and R is true.

5. Assertion(A): Transport creates place utility.

Reason (R): It tries to cover the time gap between production and consumption.

- (a) Both A and R are true and R is the correct explanation of A.
- (b) Both A and R are true but R is not the correct explanation of A.
- (c) A is true and R is false.
- (d) A is false and R is true.

CASE STUDY BASED QUESTIONS (3 Marks)

6. 'Dorothy' perfume company is an MNC which is marketing perfumes. Based on the survey conducted, they identified the needs and wants of the customers. They marketed the product following the various marketing activities such as market analysis, market planning, standardization, packaging, labelling and branding. This helps the company in the long run to achieve its objective of maximization of profit and customer satisfaction and this becomes the focal point of all decision making. Identify and explain the concept highlighted above.

CASE STUDY BASED QUESTION (6 Marks)

7. 'Food Pvt Ltd' has decided to diversify manufacturing of malt biscuits to oatmeal biscuits. They plan to promote and persuade their potential customers by giving free samples in the leading newspapers. They also plan to conduct a drive on 'National Unity Day' in the neighbourhood schools where they will be distributing biscuit packets to the school children.

- a) Identify and explain the promotional tools discussed in the above question.
- b) Explain any three features of any one tool.
- c) Name any other promotional tool that can be used by the company apart from the ones discussed above.

OPEN ENDED QUESTIONS (3 Marks)

8. 'XYZ' Ltd is a company that plans to sell solar panels in order to conserve energy. They believe that this is what the consumers would also look forward to in terms of conservation of electricity. Being a start up, they are finding it difficult to promote and

persuade customers to purchase their product. Suggest some tools that the company can incorporate to promote their products.

9. 'Yasodha Ltd', a fire-cracker manufacturing company launched their brand after undertaking various marketing activities like gathering and analysing market information, market planning, product designing and development , standardization and grading. The company is in the process of giving a brand name to their product to differentiate it from competitors' products. Briefly explain the points to be considered when deciding a good brand name.

 10. 'Gulag Inc.' is about to launch its new smartphone. Name the department which will plan the launch. What activities will it perform before the launch?
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CONSUMER PROTECTION

ASSERTION REASONING BASED QUESTIONS (1 Marks)

1. Assertion (A): To file a complaint the consumer needs the evidence of purchase, and cash memo is the evidence or proof that consumer has paid for goods or service.

Reason(R): Various efforts have been made by the government and non-government organisations to protect the interest of consumer but exploitation of consumer will stop only when consumer will safeguard his own interest.

- 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 but Reason (R) is not the correct explanation of Assertion (A).
- c) Assertion (A) is false but Reason(R) is true.
- d) Assertion (A) is true but Reason(R) is false.

2. Assertion (A): Producers are under a legal obligation to provide information on the package and the label of the product.

Reason (R): Consumer has the right to get information about quality, quantity, purity, standard and price of goods so as to protect himself against the unfair trade practices.

- 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 but Reason (R) is not the correct explanation of Assertion (A).
- c) Assertion (A) is false but Reason(R) is true.
- d) Assertion (A) is true but Reason(R) is false.

3. Assertion (A): 'Right to be heard' is the right to file a complaint in case of dissatisfaction with a good or service.

Reason (R): The consumer has the right to acquire knowledge and to be a well- informed consumer.

- 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 but Reason (R) is not the correct explanation of Assertion (A).

- c) Assertion (A) is false but Reason(R) is true.
- d) Assertion (A) is true but Reason(R) is false.

4. Assertion (A): Consumer protection provides information to the ignorant customers regarding rights and remedies available to them.

Reason (R): It is the responsibility of the businessman to provide goods at a reasonable price.

- 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 but Reason (R) is not the correct explanation of Assertion (A).
- c) Assertion (A) is false but Reason(R) is true.
- d) Assertion (A) is true but Reason(R) is false.

APPLICATION BASED (4 MARKS)

5. On her Brother's wedding Meera decided to gift him a diamond ring. When she shared her plan with her husband, he showed her an article in the daily national newspaper under the heading "JagoGrahakJago". The campaign included details about the various aspects that people must consider before buying the jewellery.

- a) Why do you think campaigns like "JagoGrahakJago" are advertised in the newspaper?
- b) List any three responsibilities Meera should follow as a consumer
