



Class:12 ISC

Subject: Commerce (Theory)

Date:

TIME: 1 Hr 30 Mins

M MARKS: 80

General instructions:

Read the following instructions carefully and strictly follow them:

- There are 28 questions in this question paper.
- All Questions of Section A and Section B are Compulsory.
- Each **question/subpart of a question** carries 1 Mark.
- There is no negative marking.
- Specific instructions related to each part and a subdivision (Sections) is mentioned clearly before the questions.
- Candidates should read them thoroughly and attempt accordingly.
- Fill **OMR sheet with the pencil** given along with the Question paper .

The marks intended for questions are given in brackets [].

Choose the correct option to answer the following questions.

[40]

1. Which of this is not an E-banking facility?
 - (a) ATM.
 - (b) CBS.
 - (c) ICD.
 - (d) EFTS.

2. A strategy is derived from
 - (a) Policy.
 - (b) Objective.
 - (c) Procedure.
 - (d) None of the above.

3. Identify the source of permanent working capital.
 - (a) Debentures.
 - (b) Public Deposits.
 - (c) Customer Advances.
 - (d) Trade Credit

4. Which of the following is not an element of political environment?
 - (a) Increased BSE Sensex value after 2014 election.
 - (b) Demonetisation.
 - (c) Govt. decision to restrict FDI in retail market.
 - (d) Protest by tribal population against marketing of processed foods in

their region forcing the company to withdraw its presence.

5. If there is no stability of tenure in a company, it might lead to high labour turnover.

Identify the feature of principles of management described in the statement.

- (e) Contingent.
- (f) Influencing human behaviour.
- (g) Cause and Effect relationship.
- (h) Harmony and not discord.

6. It is difficult to demark the time spent by a manager in performing a particular function on a particular day as he may have to perform all the functions simultaneously while doing his work. Identify the feature of management being highlighted in the given case.

- (i) Management is goal oriented.
- (j) Management is an integrating force.
- (k) Management is all pervasive.
- (l) None of the above.

7. Which of the following does not highlight the importance of financial planning/

- (m) It tries to delink the present with future.
- (n) It helps in coordinating various business functions.
- (o) It helps in avoiding various business shocks.
- (p) It serves as a basis of control mechanism over fund utilization activities.

8. Which of the following statement is incorrect?

- (q) Business environment is a relative concept.
- (r) Business environment is the sum total of all events internal to business firms.
- (s) External factors which enables a company to strengthen its positions is an opportunity to the company.
- (t) None of the above.

9. Which of the following is an internal source of finance?

- (u) Preference shares.
- (v) Retained earnings.
- (w) Debentures.
- (x) Equity shares.

10. These shares are entitled in the surplus profit of a company in addition to a fixed rate of dividend.

- (y) Participating preference shares.
- (z) Convertible preference shares.
- (aa) Bonus shares.
- (bb) ESOP.

11. Unity of command relates to

- (cc) Management and workers.
- (dd) Principle of order.
- (ee) Superiors and Subordinates.
- (ff) Centralization.

12. The application of which principle of scientific management in a company leads to maximising output with quality through selection of tools, equipment, machines and work methods based on specific pre-set parameters.

- (gg) Science not rule of thumb.
- (hh) Division of work.
- (ii) Standardization.
- (jj) Maximum not Restricted output.

13. Which of the following statement is true?

- (kk) The companies having growth prospects require lesser amount of working capital.
- (ll) If the rate of inflation is high, a company is required to invest less in working capital.
- (mm) Higher competition requires larger stocks to meet urgent orders from customers which results into requirement of more working capital.
- (nn) All of the above.

14. On one hand suppliers, public at large, customers, human resources, etc., directly or indirectly influence a company and on the other hand Social. Political. Legal dimensions, etc., creates an impact on the company.

The above statement suggest that business environment is

- (oo) Multi-dimensional.
- (pp) Interrelatedness.
- (qq) Relativity.
- (rr) Pervasive.

15. In order to create and maintain proper work environment, management of a company aims at following authority responsibility principle and incorporating effective evaluation and control mechanism.

Which objective of management is highlighted in the above statement?

- (ss) Prosperity and growth.
- (tt) Rightful decision making.
- (uu) Development of people.
- (vv) Discipline and morale.

16. A supervisor while dealing with workers in a factory should have a knowledge regarding the customs, rituals, social habits, culture, economy, history, etc., of the region in which the factory is located in order to derive high level of productivity through motivation, high morale and efficiency with effectiveness.

The feature of management highlighted in the above statement is

- (ww) Management is a distinct entity.
- (xx) Management is a social process.
- (yy) Management is both art and science.
- (zz) Management is multi-disciplinary.

17. Through IMPS fund transfer, beneficiary's account receives money within

- (aaa) 30 minutes.
- (bbb) 60 minutes.
- (ccc) 20 minutes.
- (ddd) None of the above.

18. All inter-bank fund transfer system, where funds are transferred as and when the transactions are processed relates to

- (eee) Electronic fund transfer.
- (fff) Real time gross settlement.
- (ggg) Mobile banking.
- (hhh) None of the above.

19. When Kellogg's Cornflakes was launched in India in 1994, the brand was positioned as an alternate to Indian breakfast recipes. Further the brand advertisement tried to influence Indian customers to consume the brand stating Indian breakfast recipes as unhealthy. The product was not accepted by customers in India.

Identify the component of macro business environment as described in the above statement.

- (iii) Economic environment.
- (jjj) Political environment
- (kkk) Social environment.
- (lll) Psychological environment.

20. The basic role of strategy is to provide

- (mmm) Direction for control.
- (nnn) Setting procedures.
- (ooo) Direction for action.
- (ppp) Setting objectives.

21. Service Selection Board of Indian Army has decided to conduct Officer Rating Intelligence Test followed by Picture Perception Test, Word Association Test, Situation Reaction Test, Self-Description Test, Group Discussion, Group Task, Interview and Medical Examination for selection of commissioned officers in Indian Armed Forces.

The type of planning described above is

- (qqq) Policy.
- (rrr) Procedure.
- (sss) Method.
- (ttt) Programme.

22. A sales executive of a pharmaceutical company receives working instructions from Marketing department as well as Sales & Distribution department. Which of the following principle of management is violated?

- (uuu) Unity of command.
- (vvv) Scalar chain.
- (www) Discipline.
- (xxx) Unity of direction.

23. With a knowledge of principles of management, a manager can solve problems in a very methodical way. He can practice art of management in the best possible manner.

Which need for the principles of management is highlighted in the above statement?

- (yyy) To spread knowledge.
- (zzz) To attain social goals.
- (aaaa) To increase efficiency.
- (bbbb) To train managers.

24. A start-up health care solution company Bioresp Limited became a market leader with a brand Sanivid. Bioresp Ltd adopted a strategy of giving right to employees to purchase specified number of shares at a huge discount, to reduce employee turnover and to encourage them even work better.

Identify the class of shares given to the employees.

- (cccc) Rights shares.
- (dddd) Bonus shares.
- (eeee) ESOP.
- (ffff) Sweat Equity Shares.

25. Under the factoring arrangement, factors

- (gggg) Provide finance to business enterprises through purchase of accounts receivable or against the mortgage of book debts.
- (hhhh) Make payments on behalf of clients.
- (iii) Sell high value assets on instalment.
- (jjj) Provides loans at low rate of interest.

26. Black Rock Creations Pvt Ltd, an event management company got orders to organize various cultural programmes at different regions in U.S.A. during Durga Puja Festival. Further the company also got orders from abroad to send idols of goddess Durga. In order to meet these demands, the type of capital the company requires is

- (kkkk) Temporary working capital.
- (lll) Seasonal working capital.
- (mmm) Initial working capital.
- (nnn) Special working capital.

27. Mr. Dholakia is a businessman dealing with domestic household paints. In order to meet seasonal demands, he needs additional working capital. SBI branch manager sanctioned the loan to his running account from which he can withdraw as per his business requirements. Further he needs to pay interest on the amount actually utilized.

The bank credit offered to Mr. Dholakia relates to

- (oooo) Cash credit.
- (pppp) Trade credit.
- (qqqq) Overdraft.
- (rrrr) Loans and advances.

28. Swachh Bharat Abhiyan started by the central government is a part of

- (ssss) Economic environment.
- (ttt) Political environment.
- (uuuu) Social environment.
- (vvvv) Legal environment.

29. The importance of business environment scanning that helps a business enterprise to frame plans, policies and action oriented programme to cope with competition is

- (www) Early warning signals.
- (xxxx) Coping with change.
- (yyyy) Strategy formulation.
- (zzz) Customer focus

30 .The directors and Ratan Tata were not happy with the way Cyrus Mistry, once the chairman of Tata Group was micro managing the companies in the group. They wanted the chairman to be grand visionary. Some members were not happy with Mistry's bookkeeping ways. These conflicts affected performance of some of Tata group companies.

Identify the internal factor of micro business environment described in the above statement

- (aaaaa) Mission and objectives.
- (bbbbb) Top management structure.
- (ccccc) Corporate culture.
- (ddddd) Power structure.

31. Deolitte partnership firm needed block capital for the expansion of business. The firm can raise the block capital through

- (eeeeee) Instalment credit.
- (fffff) Customer advances.
- (ggggg) Retained earnings.
- (hhhhh) None of the above.

32. As per companies act, 2013, a company limited by shares may if so authorized by its articles issue preference shares which are liable to be redeemed within a period not exceeding

- (iiii) 15 years.
- (jjjj) 20 years.
- (kkkk) 10 years.
- (llll) None of the above.

33. Eduware limited planned to install computers in 240 schools across 12 districts of West Bengal along with online learning kits to students of class 1 to class 8 in the month of November as a part of computer literacy drive.

The type of plan stated in the above statement is

- (mmmmm) Objective.
- (nnnnn) Strategy.
- (ooooo) Programme.
- (ppppp) Policy.

34. In an organization communication should flow through established chain of command according to Fayol's principles of management. However if the circumstances demand that quick decision need to be taken, gang plank can be created.

Which feature of management principles is highlighted?

- (qqqqq) Contingent.
- (rrrrr) Cause and effect relationship.
- (sssss) Influencing human behaviour.
- (ttttt) Dynamism.

35. Which of the following is not a feature of management?

- (uuuuu) Goal-oriented.
- (vvvvv) Integrating force
- (wwwww) Increases efficiency.
- (xxxxx) Social process.

36. "Management and workers both have a common interest, i.e., to have a larger share of surplus'. Which principle of management is highlighted?

- (yyyyy) Harmony not discord.
- (zzzzz) Equity.
- (aaaaa) Division of work and responsibility.
- (bbbbb) Maximum not restricted output.

37. On account of lack of reliable data, errors of judgement & anticipation, and biasedness of some of the members of top management, planning becomes misleading.

The limitation of planning highlighted in the above statement is

- (ccccc) External limitation.
- (ddddd) Planning premise.
- (eeeeee) Psychological barrier.
- (ffffff) Lack of accuracy.

38. H.R. department of Marionette International School, Kolkata decided that the post of H.O.D.in different faculty departments shall be filled in through aptitude test, leadership test and interview.

The type of plan described in the above statement is

- (gggggg) Method.
- (hhhhh) Policy.
- (iiiiii) Procedure.
- (jjjjj) Strategy.

39. 'An efficient manager can convert a challenge into an opportunity through continuous decision making and leadership'. Which nature of management is highlighted in the given statement?

- (kkkkkk) Management is multi-disciplinary.
- (lllll) Management knowledge is based on experiments.
- (mmmmm) Management is an art.
- (nnnnn) Management is a science.

40. Zionet Ltd decided to raise finance through issue of debentures while the market is inflationary. In order to attract majority of investors, the company declared that after 10 yearsof their subscription the debenture holders can participate in the management of the companyand exercise their voting rights.

The type of debentures the company decided to issue is

- (ooooo) Participating debentures.
- (ppppp) Registered debentures.
- (qqqqq) Convertible debentures.
- (rrrrr) Secured debentures.

Choose the odd one out.

[10]

41. The steps involved in planning are

- (sssss) Developing planning premises.
- (ttttt) Controlling.

(uuuuuu) Formulating derivative plans.

(vvvvvv) Securing cooperation.

42. Electronic fund transfer system includes the following

- (wwwwww) Google pay.
- (xxxxxxx) Bank draft.
- (yyyyyyy) ATM.
- (zzzzzz) IMPS.

43. Following are the sources of finance required for special working capital of a company.

- (aaaaaaa) Bank overdraft.
- (bbbbbbb) Factoring.
- (ccccccc) Public deposits.
- (ddddddd) Loans from financial institutions.

44. Elements of macro environment of a business enterprise are

- (eeeeeee) Customers.
- (ffffff) Cloud storage system.
- (ggggggg) Restructuring of Income-tax slabs.
- (hhhhhhh) Fall in per capita income.

45. Management aims at

- (iiiiiii) Securing maximum output at minimum possible cost
- (jjjjjj) Making the right decision at the right time.
- (kkkkkkk) Development of the nation.
- (lllllll) Ensuring high morale among employees.

46. Factors affecting revolving capital are

- (mmmmmmm) Product lines.
- (nnnnnnn) Cyclical fluctuations.
- (ooooooo) Growth plans.
- (ppppppp) Operating efficiency.

47. Digitisation of banking services has given rise to

- (qqqqqqq) NEFT.
- (rrrrrrr) CTS.
- (sssssss) ECS.
- (ttttttt) Pass book.

48. Principles of management as advocated by Taylor are

- (uuuuuuu) Management should share the gains of productivity with workers.
- (vvvvvvv) Employees should consider employers as partners.
- (wwwwwww) Balance between centralization and decentralization.
- (xxxxxxx) Standardization of tools, equipment, etc.

49. The features of business environment are

- (yyyyyyy) Specific forces.
- (zzzzzzz) Diversity.
- (aaaaaaaa) Mutual dependence.
- (bbbbbbb) Early warning signals.

50. Capital component which is to be refunded in the event of winding up of a company comprises of

- (ccccccc) Secured debentures.
- (ddddddd) Preference shares.
- (eeeeeee) Equity shares.
- (fffffff) ESOP.

Tick the correct sentence.

[10]

51. The statement which best describes the principle of division of work

- (ggggggg) Allocation of resources.
- (hhhhhhh) Leads to efficiency.
- (iiiiiii) Organizational work should be divided into small tasks.
- (jjjjjjj) Manpower should be divided.

52. Importance of management in modern business has increased due to

- (kkkkkkk) Increasing use of labour-intensive technology.
- (lllllll) Development of trade unions.
- (mmmmmmm) Increased investment in R & D by companies.
- (nnnnnnn) Improvement in standard of living.

53. 'Scientific principles are developed through observations and repeated experiments'. The statement substantiates that

- (oooooooo) Management is multi-disciplinary.
- (ppppppp) Management is a distinct entity.
- (qqqqqqq) Management is an inexact science.
- (rrrrrrr) None of the above.

54. Passing of GST bill comes under

- (sssssss) Political environment.
- (ttttttt) Legal environment.
- (uuuuuuu) Economic environment.
- (vvvvvvv) Micro environment.

55. 'The increase in the demand for many Ayurveda medicines and health products in the past few months is on the account of the need for building immunity and increase awareness for health care due to spread of corona virus'.

The feature of business environment described is

- (wwwwwww) Relativity.
- (xxxxxxxx) Mutual dependence.
- (yyyyyyy) Interrelatedness.
- (zzzzzzz) Diversity.

56. With reference to equity shares,

- (aaaaaaaa) The rate at which dividend is paid remains fixed.
- (bbbbbbb) Company can avail benefit of trading on equity through issue of equity shares.
- (ccccccc) For raising finance through issue of equity shares, company has to create charge

on assets.
(dddddddd)
period.

Shareholders get the opportunity of capital appreciation during boom

57. Bonus shares can be issued

- (eeeeeeee) Out of the reserves created by revaluation of fixed assets.
- (ffffff) In lieu of dividend.
- (gggggggg) As a fully paid preference shares.
- (hhhhhhhh) Out of reserves and surplus.

58. Principle of equity states that

- (iiiiiii) Any candidate can apply for vacant post irrespective of caste, religion, gender, etc.,
- (jjjjjjj) Amount of remuneration should be fair and rewarding.
- (kkkkkkk) Management should treat the employees with justice and kindness.
- (lllllll) Every employee should have equal authority and responsibility.

59. In the context of planning as a management function

- (mmmmmmmm) It is based on forecast.
- (nnnnnnnn) Controlling leads to planning.
- (oooooo) It may discourage individual initiative and creativity.
- (pppppppp) Macro environment do not have any impact on planning.

60. The most appropriate statement with reference to Debit card is

- (qqqqqqqq) It is issued by bank to customers by default.
- (rrrrrrrr) Cardholder can pay electricity bills, telephone bills and for other services with the help of debit card.
- (sssssss) Card holder can buy things against deferred payment to bank.
- (ttttttt) It is used only to withdraw money from ATM kiosk.

Choose the right option to answer the following.

[20]

61. Shikhar Foundation is an NGO, working to improve the lives of children with medical needs, the homeless and victims of natural disasters. Apart from donations in cash, they collect dry ration, shoes, toys, books, medicines, etc., from donors. At Shikhar's Foundation office at Lucknow, the material collected is segregated, classified and put in shelves and boxes that are numbered systematically. There is a specific place for each of these items. The volunteers' work is divided into specific jobs like fund raising, field visits, social media updates, etc.,. Each volunteer is a part of a particular team, depending on their competency and training. Each volunteer becomes specialized in their respective field, leading to efficient utilization of human effort. The management of Shikhar Foundation does not close its ears to any constructive suggestion made by the volunteers. There is an equal division of work and responsibility between volunteers and management. All day long the management works side by side with the volunteers helping and motivating them.

- (uuuuuuuu) Identify the principle of scientific management adopted by Shikhar Foundation.
 - (i) Standardization.
 - (ii) Science not rule of thumb.
 - (iii) Scientific selection, training and development of workers.
 - (iv) Mental resolution.
- (vvvvvvvv) Identify Fayol's principle of management in the above case.
 - (i) Order.

- (ii) Discipline.
- (iii) Scalar chain..
- (iv) Equity.

- (wwwwwwww) Identify the importance of principles of management that can be linked with the given case.
- (i) Coping with changing environment.
 - (ii) Providing managers with useful insights into reality.
 - (iii) Attaining social goals.
 - (iv) Evaluating the managerial behaviour.

- (xxxxxxxx) Which principle of management means “management of Shikhar Foundation does not close its ears to any constructive suggestion made by the volunteers”.
- (i) Esprit de corps.
 - (ii) Centralisation.
 - (iii) Discipline.
 - (iv) Initiative.

- (yyyyyyyy) The feature of principles of management which states that they are relative and not absolute
- (i) Universal.
 - (ii) Cause and effect relationship.
 - (iii) Influences human behaviour.
 - (iv) Contingent.

62. In Sanofi Ltd, a pharmaceutical company Mr. Karanpreet working as a production manager has his own personalized and unique style of managing things and people. Considering growth in sale by 4% in antibiotics and anti-inflammatory drugs, the general manager(Production) divide the production department into two divisions – Antibiotics and Anti-Inflammatory drugs. Each division is headed by Foreman. According to HR policy of Sanofi Ltd, employees are selected through written test followed by interview and medical examination. Over these two years of outbreak of pandemic, the company planned to start production of touchless hand sanitizer with a brand name Sanivid and UV technology based reusable face mask FVID 19. In order to fulfil immediate manpower requirement for the new products HR department decided to select employees through walk-in-interview followed by medical examination. At one point of time sales of antibiotics declined. On investigation it was found that supervisor of antibiotic department was getting instructions from Foreman of both the departments, which was obstructing execution of plans. Some anti-inflammatory products were found to be defective and returned by distributors. In order to protect the company from bad reputation the product manager instead of communicating to marketing manager, immediately communicated to production manager to sort out the problem.

- (zzzzzzzz) Which nature of management is highlighted in the given case study?
- (i) Management as a science.
 - (ii) Management as an art.
 - (iii) Management as a discipline.
 - (iv) Management as a continuous process.

- (aaaaaaaa) Which principle of management is violated in the context of the case study?
- (i) Scalar chain.
 - (ii) Authority and Responsibility.
 - (iii) Standardization.
 - (iv) Unity of direction.

(bbbbbbbbb) The feature of management reflected in the case study

- (i) Management is dynamic.
- (ii) Management is an integrating force.
- (iii) Management as a profession.
- (iv) Management is goal-oriented.

(cccccccc) One of the importance of management is

- (i) Management ensures survival and growth of business enterprise.
- (ii) Management aims at providing products at reasonable price.
- (iii) Management brings stability of tenure.
- (iv) Management brings innovation.

(dddddddd) Which feature of principle of management is reflected in the case study?

- (i) Cause and effect relationship.
- (ii) Flexibility.
- (iii) Exact science.
- (iv) Contingent.

63. Cigarino Ltd is an established company in tobacco products. It diversified into FMCG sector with product lines toilet soaps, detergent powder, biscuits, deodorants, tomato sauce, beverages and baby food products. While planning for diversification, a board meeting comprising of Director(finance), Vice-President(Finance), Director(Marketing), Director(HR)and six other directors was held to bring out a financial model which would be feasible and viable. In the diversification project the company planned to raise finance partly through reinvesting portion of surplus earned from Tobacco sector and partly through other sources. The financial model was based on the fact that in initial years of diversification, the company would increase its earnings to provide the benefit of trading on equity to the investors. At the same time the company took into account the interest of risk taking investors as the market was boom. Both long term and short term sources of finance was resorted to by the company. While raising finance from one of the sources, the company created charge on its assets. The R &D (Production, Beverage division) came out with original research work of micro- nutrients which would develop immune boosters among children to fight against corona virusand the work was patented. During pandemic, sales became stagnant. The company raised additional capital.

(eeeeeeee) One of the sources of finance to raise fixed capital in the context of the case study is

- (i) Customer advances.
- (ii) Preference shares.
- (iii) Retained earnings.
- (iv) Trade credit.

(ffffff) In the initial years of diversification the sources of finance in the given case study are

- (i) Loans from commercial banks and Trade credit.
- (ii) Equity shares and Debentures.
- (iii) Preference shares and Debentures.
- (iv) Public deposits and Debentures.

(gggggg) In the context of the case study, the type of debentures issued is

- (i) Convertible debentures.
- (ii) Secured debentures.
- (iii) Bearer debentures.
- (iv) None of the above.

(hhhhhhhhh) As a part of the company's strategy, it decided to issue shares at discount to manager and employees of R & D, Beverage Division. Identify the type of shares the company would issue

- (i) Bonus shares.
- (ii) Preference shares.
- (iii) Sweat equity shares.
- (iv) Rights shares.

(iiiiiii) With reference to the given case study, during pandemic which type of capital was raised by the company?

- (i) Initial working capital.
- (ii) Block capital.
- (iii) Temporary working capital.
- (iv) Special working capital.

64 .In the last few years there has been sudden surge in the volume of online transactions. Most people don't want to carry a huge amount of cash with them. Instead they prefer storing money in E-wallets. This gives the opportunity to many entrepreneurs and new business like Mobiwik, Freecharge, Phone Pe, etc., started mushrooming. Using this payment apps, customers can transfer money within seconds. Even investing has become easy.

(jjjjjjjj) With reference to the case study, by virtue of which dimension business environment, easy transfer of funds has been made possible

- (i) Social environment.
- (ii) Economic environment.
- (iii) Political environment.
- (iv) Technological environment.

(kkkkkkkk) Which features of business environment is highlighted in the case study.

- (i) Diversity and early warning signals.
- (ii) Relativity and continuous learning.
- (iii) Specific forces and multidimensional.
- (iv) Dynamic and Interrelatedness.

(llllllll) In the context of the case study, the shift in preferences of customers towards cash handling reflects which dimension of business environment?

- (i) Technological environment.
- (ii) Social environment.
- (iii) Economic environment.
- (iv) Competitors.

(mmmmmmmm) 'A study report from RBI survey states that unless innovative and customer friendly features are introduced in online banking apps, it would be difficult to survive in the face of competition from Google pay and Paytm.

Which component of SWOT analysis is highlighted in the statement?

- (i) Weakness.
- (ii) Strength.
- (iii) Threats.
- (iv) Opportunities.

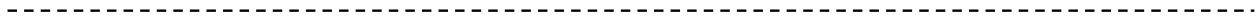
(nnnnnnnnnn) Scanning of different dimensions of business environment has helped nationalised banks in India to streamline banking services and making the services customer friendly to

attract more and more customers amidst competition from private sector banks.

Which importance of business environment scanning is reflected in the statement?

- (i) First mover advantage.
- (ii) Strategy formulation.
- (iii) Public image.
- (iv) None of the above.

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