

BUSINESS STUDIES
CASE STUDY BASED QUESTIONS

NATURE AND SIGNIFICANCE OF MANAGEMENT

Read the following text and answer the following questions on the basis of the same:

Sana is the branch manager of ABC Handicrafts Pvt. Ltd. The company's objective is to promote the sales of Indian handloom and handicraft products. It sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics.

Sana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk. Although the products looked very attractive and impressive, they were relatively expensive on the front of affordability for an average customer.

Sana suggested that they should keep the silk bed covers for special festive occasions and offer the cotton bed covers on a regular basis to keep costs under control.

Q.1

“She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk.”

Which function of management is highlighted in this context?

- (A) Controlling
- (B) Staffing
- (C) Planning
- (D) Directing

Q.2

In the above case “company's objective is to promote the sales of Indian handloom and handicraft products.”

The above line focus on which feature of management?

- (A) Management is an intangible force
- (B) Management is a goal oriented process
- (C) Management is pervasive in nature
- (D) Management is a continuous process

Q.3

With reference to the above case, at which level of management Sana is working?

- (A) Lower level
- (B) Top level
- (C) Middle level
- (D) Shop floor

Q.4

“Sana suggested that they should keep the silk bed covers for special festive occasions and offer the cotton bed covers on a regular basis to keep costs under control.”

Which function of management is highlighted in this context?

- (A) Controlling
- (B) Staffing
- (C) Organising
- (D) Planning

Principles of Management

Read the following text and answer the following questions on the basis of the same:

After completing her Bachelors in Fashion Designing from a well-known college in France, Aditi has opened a boutique in a posh market in Kolkata. She has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority.

In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honour her commitment by giving bonus to her employees. She also instructed her employees that communication from top to bottom should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees.

- Q .1 Aditi has divided the work in smaller units and each employee is well trained to perform his/ her task efficiently. Which principle of management is being followed here?
- (a) Centralization and Decentralization
 - (b) Division of work
 - (c) Discipline
 - (d) Order
- Q .2 "The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority." Identify the principle of Management being followed here:
- (a) Centralization and Decentralisation
 - (b) Authority and Responsibility
 - (c) Unity of Command
 - (d) Unity of Direction
- Q .3 "Therefore, when the business was doing well, she honoured her commitment by giving bonus to her employees." Which principle of management is being highlighted here?

	<p>(a) Discipline</p> <p>(b) Order</p> <p>(c) Remuneration to Employees</p> <p>(d) Unity of Direction</p>
Q.4	<p>Aditi tends to be more biased towards her female employees, when it comes to solve the conflicts among employees. Which principle is being violated here?</p> <p>(a) Discipline</p> <p>(b) Order</p> <p>(c) Equity</p> <p>(d) None of these</p>

Business Environment

Read the following text and answer the following questions on the basis of the same:

The name and taste of Coca-Cola is known to almost each and every individual in India as well as throughout the world. This carbonated soft drink holds the most market share in the soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Diet Coke, along with others including Caffeine free Coca-Cola, Diet Coke Caffeine free, Coca-Cola Zero Sugar, Coca-Cola Cherry, Coca-Cola Vanilla and the list goes on. It has capitalized on each and every opportunity to market itself effectively and place itself in the middle of every gathering.

The main reason for such an outstanding placement of product goes to the way they have established the connection between every occasion and the need for Coke to be present there, product design and creative advertising.

Q.1	<p>In the context of the above given case, identify one valid importance of Business Environment.</p> <p>a) Enables a firm to identify opportunities and getting first mover advantage</p> <p>b) Uncertainty</p> <p>c) Delay in action</p> <p>d) Pervasive function</p>
Q.2	<p>Identify the feature of Business Environment which The Coca-Cola Company managed to get in their favour.</p> <p>a) Complex</p> <p>b) Specific and general forces</p> <p>c) Futuristic</p> <p>d) Mental Exercise</p>
Q.3	<p>Which business environment did Coca-Cola majorly tap into?</p> <p>a) Technological Environment</p> <p>b) Social Environment</p> <p>c) Political Environment</p>

	d) Economic Environment
Q.4	Which of the following is not a product of COCA-COLA? a) Diet Coke Caffeine free b) Coca-Cola Zero Sugar c) Coca-Cola Avocado d) Coca-Cola Cherry

Planning	
	<p>Read the following text and answer the following questions on the basis of the same:</p> <p>Simplex limited had been taken over by Mundhra Group immediately following India's independence. Since then it enjoys a rich record of industry presence and experience. In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions before launching ERP system to attract large projects. The management had done effective forecast and critical thinking regarding allocation resources to reduce wastage. For this purpose the company had laid down multiple courses of action to meet the challenge of adverse situations. In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures. The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time. In 2010 the system implemented successfully which subsequently helped the company to execute numerous projects with precision and timeliness.</p>
Q.1	<p>"In 2005, with the aim to accelerate growth the company had gone through several rounds of Meetings and discussions." What is the objective mentioned here according to the process stated here?</p> <p>A. Developing Premises B. Growth & development C. Launching IT enabled system D. Cost cutting.</p>
Q.2	<p>"In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures." Which limitation of the management process is indicated here?</p> <p>A. It fails to cope with sudden changes B. It involves huge cost C. It requires critical thinking</p>

	D. Need to construct multiple action plans
Q.3	State whether the given statement is True or False: "The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage."
Q.4	"The management had taken utmost care regarding the possible outcome and timely review of the Plans to achieve the set target during that hard time." Which is the last step of the Process mentioned here? A. Implementation of plan B. Timely execution of projects C. Follow up D. To prepare alternative course of action

Staffing

Read the following text and answer the following questions on the basis of the same:

Mr. VikasGoel is an H.R. Manager of "Sanduja Furniture Private Limited." At the beginning of the new year he anticipated that the company will need 30 new additional persons to fill up different vacancies. He gave an advertisement in the newspaper inviting applications for filling up different vacant posts. As many as 120 applications were received. The same were scrutinized. Out of these, conditions of 15 applicants were not acceptable to the company. Letters of regret, giving reasons, were sent to them. Remaining candidates were called for preliminary interview. The candidates called for were asked to fill up blank application forms. Thereafter, they were given four tests.

The objective of the first test was to find out how much interest the applicant takes in his work.

The objective of the second test was to find out 'specialization' of the applicant in any particular area.

Third test aimed at making sure whether the applicant was capable of learning through training or not.

The purpose of the fourth test was to find out how much capability a person has to mix-up with other persons, and whether he can influence other persons and get influenced by them.

Q.1	<p>The purpose of the fourth test was too find out how much capability a person has to mix-up with other persons, and whether he can influence other persons and get influenced by them. Which tests is indicated in this situation.</p> <p>A. Personality Test</p> <p>B. Intelligent Tests</p> <p>C. AptitudeTest</p> <p>D. TradeTest</p>
Q.2	<p>At the beginning of the new year he anticipated that the company will need 30 new additional persons to fill up different vacancies. Identify the first step of staffing.</p> <p>A. Placement andOrientation</p> <p>B. Training andDevelopment</p> <p>C. Recruitment</p> <p>D. Estimating ManpowerRequirement</p>
Q.3	<p>From the given lines, 'Out of these, conditions of 15 applicants were not acceptable to the company.' Letters of regret, giving reasons, were sent to them. Which aspect of staffing is highlighted in the statement?</p> <p>A. Recruitment</p> <p>B. Selection</p> <p>C. Training</p> <p>D. Education</p>
Q.4	<p>The applicants were given four tests like intelligent test to interest test after filling up blank application form. Identify which step of selection process was followed by the management.</p> <p>A. SelectionDecision</p> <p>B. SelectionTests</p> <p>C. JobOffer</p> <p>D. MedicalExamination</p>

Directing	
	<p>Read the following text and answer the following questions on the basis of the same:</p> <p>Mr. Sunil Diali is a safety officer in a reputed PSU sector ECL. He supervises the workers towards the predetermined goals of the organisation and directs how to eradicate unsafe practices of inundation, fire breakouts, existence of inflammable gasesetc.</p> <p>On one such instances there was huge fire breakout in the underground mines and the workers morale was down and demotivated because of several risk hazards. Mr. Diali observed the whole situation and consulted with all his workers and constantly monitored, guided and inspired them to integrate their efforts and accept the situation as a challenge and take adequate safety measures for fire extinguish and</p>

	subsidizing its effects. Thereby, production turnover was outstanding and outperformed other subsidiaries. Mr. Diali was recognised with Bravery Award from CIL.
Q.1	Mr. Diali worked towards predetermined goals of the organization. Which important function of directing is addressed here? A. Means of motivation B. Initiates action C. Facilitate change D. Brings stability
Q.2	Mr. Diali consulted with all his workers, he listened to their opinions. Which form of leadership is identified here? A. Laissez-faire B. Autocratic C. Democratic D. Free-rein
Q.3	Bravery award is _____ form of non-financial incentive. A. Status B. Job security C. Career Advancement D. Employee recognition
Q.4	Under Maslow's hierarchy need theory which need of Mr. Diali has been met through respect and recognition among other employees? A. Self – Actualization need B. Safety and security needs C. Esteem needs D. Physiological needs.

Financial Management	
I	<p>Read the following text and answer the following questions on the basis of the same:</p> <p>Mr. A. Bose is running a successful business. Mr. Bose is the owner of R. K. Cement Ltd. Mr. Bose decided to expand his business by acquiring a Steel Factory. This required an investment of Rs. 60 crores.</p> <p>To seek advice in this matter, he called his financial advisor Mr. T. Ghosh who advised him about the judicious mix of equity (40%) and Debt (60%). Employ more of cheaper debt may enhance the EPS. Mr. Ghosh also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also apprised him that issue of debt will not dilute the control of equity shareholders.</p> <p>At the same time, the interest on loan is a tax deductible expense for computation of tax liability. After due deliberations with Mr. Ghosh, Mr. Bose decided to raise funds from a</p>

	financial institution.
Q.1	<p>Identify the concept of Financial Management as advised by Mr. Ghosh in the above situation.</p> <p>A) Capital Budgeting B) Capital Structure C) Dividend Decision D) Working Capital Decision</p>
Q.2	<p>In the above case Mr. Ghosh suggested to raised more fund from debt. Higher debt-equity ratio results in:</p> <p>A) Lower financial risk B) Higher degree of operating risk C) Higher degree of financial risk D) Higher Earning of profit.</p>
Q.3	<p>“Mr. T. Ghosh who advised him about the judicious mix of equity (40%) and Debt (60%)” The proportion of debt in the overall capital is called_____.</p> <p>A) Working Capital B) Financial Leverage C) Total Assets D) None of these</p>
Q.4	<p>Employ more of cheaper debt may enhance the EPS. Such practice is called:</p> <p>A) Equity Trading B) Financial Leverage C) Investment Decision D) Trading on Equity</p>

Financial Management	
II	<p>Read the following text and answer the following questions on the basis of the same: Sunrises Ltd. dealing in readymade garments, is planning to expand its business operations in order to cater to international market. For this purpose the company needs</p>

	<p>additional Rs.80,00,000 for replacing machines with modern machinery of higher production capacity. It involves committing the finance on a long term basis. These decisions are very crucial for any business since they affect its earning capacity in the long run. The company wishes to raise the required funds by issuing debentures. The debt can be issued at an estimated cost of 10%. The EBIT for the previous year of the company was Rs. 8,00,000 and total capital investment was Rs. 1,00,00,000. Instead of issuing 10% Debenture the Company can issue Equity Shares for raising the fund. The financial manager of the company would normally opt for a source which is the cheapest.</p>	
Q.1	<p>What is the other name of long term decision?</p> <p>A) Capital Budgeting B) Gross working capital C) Financial management D) Working Capital</p>	
Q.2	<p>A decision for replacing machines with modern machinery of higher production capacity is a:</p> <p>A) Financing decision B) Working capital decision C) Investment decision D) None of the above</p>	
Q.3	<p>A decision for raising fund of Rs. 80,00,000 either from 10% Debenture or Equity Shares is a:</p> <p>A) Financing decision B) Dividend decision C) Investment decision D) None of the above</p>	
Q.4	<p>The financing decisions are affected by various factors. Which one of the following factor is discussed in the above case?</p> <p>Choose the correct option.</p> <p>A) Cash Flow Position of the Company B) Cost C) Amount of Earnings D) Taxation Policy</p>	

Consumer Protection

Read the following text and answer the following questions on the basis of the same :

Piyali purchased an ISI marked Heater from Bharti Appliances. She made Cash Payment. But failed to get a Cash Memo. While making use of the heater she observed that it was not working properly. She contacted the shopkeeper immediately and told him the problem. Shopkeeper paid no heed to her complaint. Rather he remarked that the good in question was not bought from his shop. Piyali had no evidence of proving that the heater was purchased from his shop only. She discussed the problem with her friend Sohini who advised her to approach Consumer Forum and lodge the complaint. Piyali was convinced with the idea of lodging the complaint against the shopkeeper but due to lack of cash memo it was difficult for her to proceed.

Q.1	Identify the Right of the consumer as referred to in the above paragraph. A. Right to be Informed B. Right to Safety C. Right to be Heard D. Right to Choose
Q.2	Identify the responsibility of the consumer referred to in the above case. A. Quality Conscious B. Must Obtain Cash Memo C. Cautious Consumer D. Ready to Lodge Complaint
Q.3	Piyali cannot lodge a complaint against the shopkeeper. Why? A. She does not have the right B. She was aware of the fact C. She does not have the Cash Memo D. She was happy with the product
Q.4	Under which Act Piyali can seek to protect her rights being a consumer? A. Consumer Protection Act, 1986 B. Consumer Protection Act, 1968 C. The Indian Contract Act, 1872 D. The Competition Act, 2002

	Nature and Significance of Management
Ans.1	(E) Staffing
Ans.2	(E) Management is a goal oriented process
Ans.3	(c) Middle level
Ans.4	(E) Controlling
	Principles of Management
Ans.1	(b) Division of work
Ans.2	(a) Centralization and Decentralisation
Ans.3	(a) Discipline
Ans.4	(c) Equity
	Business Environment
Ans.1	e) Enables a firm to identify opportunities and getting first mover advantage
Ans.2	f) Specific and general forces
Ans.3	b) Social Environment
Ans.4	g) Coca-Cola Avocado
	Planning
Ans.1	B. Growth & development
Ans.2	A. It fails to cope with sudden changes
Ans.3	True
Ans.4	C. Follow up
	Staffing
Ans.1	A. Personality tests
Ans.2	D. Estimating Manpower Requirement
Ans.3	B. Selection
Ans.4	E. Selection test
	Directing
Ans.1	E. Initiates action
Ans.2	b) Democratic
Ans.3	D) Employee recognition
Ans.4	C) Esteem needs
	Financial Management
CASE-1	

Ans.1	E) Capital Structure
Ans.2	C) Higher degree of financial risk
Ans.3	E) Financial Leverage
Ans.4	D) Trading on Equity
Case-2	
Ans.1	E) Capital Budgeting
Ans.2	C) Investment decision
Ans.3	E) Financing decision
Ans.4	C)Cost
	Consumer Protection
Ans.1	F. Right to Safety
Ans.2	B. Must Obtain Cash Memo
Ans.3	G. She do not have the Cash Memo
Ans.4	E. Consumer Protection Act,1986