

SET - 2

**Class- 12
Business Studies
Sample Paper 2020-2021**

Time allowed: 3 hours

Maximum Marks: 80

Units		Periods	Marks
Part A	PRINCIPLES AND FUNCTIONS OF MANAGEMENT		
1.	Nature and Significance of Management	12	16
2.	Principles of Management	11	
3.	Business Environment	08	
4.	Planning	08	14
5.	Organising	10	
6.	Staffing	13	20
7.	Directing	09	
8.	Controlling	07	
	Total	78	50
Part B	BUSINESS FINANCE AND MARKETING		
9.	Financial Management	20	15
10.	Financial Markets	18	
11.	Marketing Management	24	15
12.	Consumer Protection	05	
	Total	67	30
	PART C : PROJECT WORK (ONE)	30	20

General instructions:

- 1 This question paper contains 34 questions.**
- 2. Marks are indicated against each question.**
- 3. Answer should be brief and to the point.**
- 4. Answers to the questions carrying 3 marks may be from 50 to 75 words.**
- 5. Answers to the questions carrying 4 marks may be about 150 words.**
- 6. Answers to the questions carrying 6 marks may be about 200 words.**
- 7. Attempt all parts of the questions together.**

Questions:

Q		Marks
1	Hemram purchased medicine from Hindustan Medical Store for his wife who had high fever. Even after giving the medicine his wife's condition did not improve and he had to be hospitalised. Doctor informed Hemram that the medicine given to his wife was spurious. Hemram complained about this to Hindustan Medical Stores. As a result, 'Hindustan Medical Store decided to file a complaint against the manufacturer in the consumer court. Can Hindustan Medical Store do this? Give reason to support your answer.	1
2	Which of the following is a feature of demonetisation? (a) Tax administration measure (b) Channelising savings into the formal financial system (c) Development of less-cash economy (d) All of the above	1
3	Identify the feature of coordination being highlighted in the given statement: "Coordination is not a one time function, it begins at the planning stage and continues till controlling." (a) Coordination ensures unity of action (b) Coordination is an all pervasive function (c) Coordination is a continuous process (d) Coordination is a deliberate function	1
4	A business has to offer wider choice in purchasing enhanced quality of goods and services in order to maintain an edge over its competitors. The implementation of the new economic policy with liberalisation, privatisation and globalisation has posed various challenges for the corporate sector. One of the important challenges is explained in the above lines. Identify it. (a) Increasing competition (b) More demanding customers (c) Necessity for change (d) Market orientation	1
5	Keeping in view the changes in the consumer demands and preferences 'Eshtyle Bakery' has reduced the sugar and fat content in its products. This approach of business shows that management is (a) An intangible force (b) A group activity (c) A dynamic function (d) A multidimensional activity	1
6	'Yummy' began its business by offering the classic combo of hamburgers	1

	<p>and fries. But over time, their customers wanted healthier foods, so ‘Yummy’ responded and began offering healthy alternatives such as salads, fruits, wraps and oatmeal. If ‘Yummy’ hadn’t responded, they may have lost customers that wanted to eat healthier foods. The above case highlights one of the points related to the importance of the business environment and its understanding by managers. Identify it.</p> <p>(a) It helps in coping with rapid changes. (b) It helps in improving performance. (c) It helps the firm to identify threats and early warning signals. (d) It enables the firm to identify opportunities and get the first mover advantage.</p>	
7	<p>The Bihar government has developed surveillance networks using the latest satellite technology. Under this system, the state’s mining department would be in a position to check illegal mining activities across the state. The state government is also considering the use of drones in its proposed campaign against illegal mining. Identify the related dimensions of the business environment.</p> <p>(a) Economic dimension and Legal dimension (b) Social dimension and Economic dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension</p>	1
8	<p>When the deviations between the actual performance and the planned performance are within the limits</p> <p>(a) A limited corrective action is required (b) No corrective action is required (c) A major corrective action is required (d) None of the above</p>	1
9	<p>Which of the following is not a single use plan?</p> <p>(a) Budget (b) Programme (c) Method (d) All of the above</p>	1
10	<p>The need for the controlling function is felt in</p> <p>(a) Business organisations (b) Political organisations (c) Social organisations (d) All of the above</p>	1
11	<p>Which of the following is not a demerit of formal organisation?</p> <p>(a) It may lead to procedural delays. (b) It may lead to spreading of rumours.</p>	1

	<p>(c) It emphasises on following rigidly laid down policies. (d) It places more importance on work rather than the relationships.</p>	
12	<p>Sanjeev Munder runs a Play School from her residence. Recently, he placed an order online for 200 chalk boxes. The boxes were delivered to him in a corrugated box. Identify this level of packaging which facilitated movement of the product.</p> <p>(a) Primary package (b) Secondary packaging (c) Transportation packaging (d) None of the above</p>	1
	<p>Answer Question number 13-16 with reference to the information given here.</p> <p>Kumar Ltd. is a large credit worthy firm manufacturing TV for the Indian market. It is planning to invest in new machines to cater to the new market outside India. They require long term finance, so they decide to raise funds by issuing equity shares. The issue of equity shares involves huge flotation cost. To meet the expenses Kumar Ltd decides to look forward to the money market</p>	
13	<p>Name the money market instrument the company can use to raise to meet the flotation cost.</p> <p>A. Commercial paper B. Certificate of deposit C. Treasury bill D. Call money</p>	1
14	<p>What is the duration for which Kumar Ltd can get the money from the above mentioned instrument.</p> <p>A. One day to 15 days B. 15 days to 1 year C. 1 year to 5 years D. 5 years to 15 years</p>	1
15	<p>It is issued by</p> <p>A. Reserve bank of India B. The company which needs money C. The commercial bank with the company which needs funds D. Third party on behalf of the bank</p>	1
16	<p>Select the statement which is not true for the money market instrument chosen above.</p>	1

	<p>A. It is a negotiable instrument B. Sold at discount C. Redeemed at par D. It is also called Zero coupon bond</p>	
	<p>On the basis of the information given here answer the questions from 17-20. Manufacturer - Wholesaler - Retailer - Customer</p>	
17	<p>Identify the type of channel of distribution A. Direct channel B. One level channel C. Two level channel D. Three level channel</p>	1
18	<p>How many types or methods of channel of distribution are available to make goods and services available to customers? A. 4 B. 5 C. 8 D. 9</p>	1
19	<p>Which of these is not a factor determining the choice of channel of distribution of the products to the customers? A. Market factors B. Company characteristics C. Social factors D. Environmental factors</p>	1
20	<p>Which of the most commonly used distribution channels for most consumer goods? A. Direct channel B. One level channel C. Two level channel D. Three level channel</p>	1
21	<p>Joshwin, is the CEO of a Publishing house. He decides to have a meeting of all the key employees of different departments in the organisation. The main motive is to tell the employees to keep the target of 10% increase in sales as the main objective when they work throughout the year. The meeting is full of ideas regarding the employees and processes involved. The company successfully comes out at the end of the year with flying colours. What features of management are highlighted here? Also identify the lines in which these characteristics have been highlighted.</p>	3
22	<p>Nishant Agrawal recently completed his M.B.A. from one of the Indian</p>	3

	<p>Institutes of Management in Human Resource Management. He has been appointed as HR Manager in a shoe making company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Nishant has been given the complete charge of the company's HR department</p> <p>List out the specialised activities that Nishant is supposed to perform as the HR Manager of the company.</p>	
23	<p>State whether controlling is a goal oriented process or an action oriented process.</p>	3
24	<p>Raghubar Flour Mills wanted to raise funds so it reached out to facilities and institutional arrangements through which long term funds (debt + equity) were raised and invested. A lot of thinking was done whether the company should have gone for debt or equity. Finally, it decided to go for equity. The owner of the company decided to follow the guidelines of SEBI.</p> <p>(a) Which concept of the financial market is highlighted in the starting of the case?</p> <p>(b) Name two objectives of SEBI.</p>	3
25	<p>Jignesh Jain is working with 'Tough Security Services Ltd.' He is also recruiting security guards for the company. The company provides security services in Bengaluru at short notice to various companies. The guards are recruited on a temporary basis. The guards provided by this company are known for their honesty and punctuality. Jignesh Jain is well known in his village for providing employment to unskilled people.</p> <ol style="list-style-type: none"> Name the source of recruitment used by 'Tough Security Services Ltd.' State any one disadvantage of this source of recruitment. Identify the need of 'Security Guards' which is being fulfilled by the company as per Maslow's need hierarchy. Identify any two values communicated to the society in the above stated case. 	4
26	<p>Walia's are a distributor of tea. They have opened a company which deals in tea selling. They categorized tea to be sold into three categories: Black, Blue, and Red. Their relative Wadhwa's on the other hand is running a mobile manufacturing company. Their company strictly produces mobile according to the pre-determined specifications. The mobiles of each variety are of the</p>	4

	<p>same size, looks and performance.</p> <p>(a) In the above case which function of marketing has been highlighted? (b) Name the four advantages of the above highlighted function.</p>	
27	Controlling is an indispensable function of management.’ explain this statement with the help of any four points.	4
28	What are the disadvantages of functional structure?	4
29	What is meant by dividend decision? explain the factors affecting the dividend decision	4
30	<p>Explain any three consumer rights meant for the protection of the consumer.</p> <p>or</p> <p>Describe the following rights of a consumer:(a) right to be informed.(b) right to seek redressal(c) right to choose</p>	4
31	What is the difference between techniques of management and principles of management?	6
32	<p>Param has been running a successful business of manufacturing Ethnic wear for men and women including kurta-pyjama, sarees, and lehengas. His friend Rajesh who is engaged in the business of providing web designing solutions to his clients, suggests him to explore the option of selling his products online. Param agrees to his suggestion and decides to venture into online business, keeping in view the various e-commerce regulations in order to avoid imposition of any penalty. In order to facilitate the sale of his products, Param decides to offer multiple payment options such as cash on delivery, credit or debit card transactions, net banking to the buyers etc.</p> <p>In context of the above case:</p> <p>(a) Identify the two different types of plans mentioned in the above paragraph that relate to the online portal that Param intends to start by quoting lines from the paragraph.</p> <p>(b) Distinguish between the two types of plans as identified in part (a).</p>	6
33	The activities and employees in ‘Beni casual.’, a footwear manufacturing company in Noida, can be broadly grouped into five departments namely;	6

	<p>production, purchase, marketing, accounts and personnel. Over the years the company has grown and expanded its operations manifolds. Badal, the managing director of the company intends to diversify into the leather bags segment. So its management has decided to restructure its operations. They plan to create separate product divisions for each product line wherein the functioning of each division will be further divided into five departments namely; production, purchase, marketing, accounts and personnel.</p> <p>In context of the above case: How is the company's future organisational structures likely to be different from the existing one? State any four points of differences between the two types of organisational structures.</p>	
34	<p>Speedster India Limited, is an automobile manufacturer in India. It makes 1 lakh motor bikes every year. That's one bike every 13 seconds. It has a sales network of company approved retailers that spreads across 600 cities in India.</p> <p>In the context of above case:</p> <ol style="list-style-type: none"> 1. Identify the type of the channel of distribution adopted by the company. 2. State the market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution. 	6

Answers:

Q		Marks
1	Answer. (d) All of the above	1
2	Answer. (b) Dynamic nature	1
3	Answer. (b) Common objectives	1
4	Answer. (b) Technological dimension	1
5	Answer. (d) All of the above	1
6	Answer. (a) Relativity	1

7	Answer. (c) Demonetisation	1
8	Answer. (d) All of the above	1
9	Answer. (c) Planning establishes standards for controlling.	1
10	Answer. (a) Quantitative standard	1
11	Answer. (a) Responsibility	1
12	Answer. (c) Customer value	1
13	Answer. d. RBI	1
14	Answer. A. e-IPOs	1
15	Ans. B. Stock market	1
16	Ans. A. Ownership of existing securities is exchanged between investors	1
17	Ans. D. Providing information required by the law.	1
18	Answer. C. Should be short and easy to pronounce	1
19	Ans. Secondary Packaging	1
20	Answer. C. Brand Creation	1
21	<p>Answer.</p> <p>Coordination is lacking among the different departments in Rashi Ltd.</p> <p>The importance of coordination</p> <ol style="list-style-type: none"> Functional differentiation: Coordination brings unity in action among the interdependent departments Specialisation: Specialists are appointed in different departments of the organisations. Coordination is required to avoid conflicts between the specialist and other members of the organisation. Growth in size: As the organisation grows the number of people also increases. There needs to be coordination among the workers to integrate the effort and activities. 	3
22	<p>Answer.</p> <p>I as the HR manager of the organisation would suggest</p> <ol style="list-style-type: none"> Use their knowledge: Use the knowledge of such groups to gather their support and lead to improved organisational performance. Weightage to both the formal and informal organisation: Instead of confronting the group I would advise the management to talk with the group and 	3

	<p>take skillfully advantage of both formal and informal organisation.</p> <p>(iii) Recognise their existence: the organisation should recognise the existence of such a group and also identify the role the members are playing to tackle the situation.</p>							
23	<p>Answer. -</p> <table border="1"> <tr> <td> <p>(1) Meaning of controlling</p> </td> <td> <p>Controlling is the process of monitoring organisation performance continuously finding deviation between set standards and actual performance and taking corrective action, minimizing the deviation and achieving organizational goals.</p> <p>Example:</p> <p>Suppose, the production team is given a target to produce 2000 units in a day. At the end of the day their performance is measured and analysed that they have produced only 1800 units. Here, corrective action is to be taken to remove the deviation of 200 units, in order to achieve their daily target.</p> </td> </tr> <tr> <td> <p>(2) Nature of controlling</p> </td> <td></td> </tr> <tr> <td> <p>(a) Controlling is a fundamental management function</p> </td> <td> <p>Controlling is the most important function of management which provides meaning to other functions of management like planning, organising, staffing and directing.</p> <p>Example:</p> <p>Plans formulated by top level management can be executed to achieve organizational goals only if they are followed by effective controlling measures, this means planning is not effective and efficient without controlling.</p> </td> </tr> </table>	<p>(1) Meaning of controlling</p>	<p>Controlling is the process of monitoring organisation performance continuously finding deviation between set standards and actual performance and taking corrective action, minimizing the deviation and achieving organizational goals.</p> <p>Example:</p> <p>Suppose, the production team is given a target to produce 2000 units in a day. At the end of the day their performance is measured and analysed that they have produced only 1800 units. Here, corrective action is to be taken to remove the deviation of 200 units, in order to achieve their daily target.</p>	<p>(2) Nature of controlling</p>		<p>(a) Controlling is a fundamental management function</p>	<p>Controlling is the most important function of management which provides meaning to other functions of management like planning, organising, staffing and directing.</p> <p>Example:</p> <p>Plans formulated by top level management can be executed to achieve organizational goals only if they are followed by effective controlling measures, this means planning is not effective and efficient without controlling.</p>	3
<p>(1) Meaning of controlling</p>	<p>Controlling is the process of monitoring organisation performance continuously finding deviation between set standards and actual performance and taking corrective action, minimizing the deviation and achieving organizational goals.</p> <p>Example:</p> <p>Suppose, the production team is given a target to produce 2000 units in a day. At the end of the day their performance is measured and analysed that they have produced only 1800 units. Here, corrective action is to be taken to remove the deviation of 200 units, in order to achieve their daily target.</p>							
<p>(2) Nature of controlling</p>								
<p>(a) Controlling is a fundamental management function</p>	<p>Controlling is the most important function of management which provides meaning to other functions of management like planning, organising, staffing and directing.</p> <p>Example:</p> <p>Plans formulated by top level management can be executed to achieve organizational goals only if they are followed by effective controlling measures, this means planning is not effective and efficient without controlling.</p>							

	<p>(b) Controlling is a goal oriented function</p>	<p>Controlling as the function of management ensures that the efforts of all individuals working at different levels are directed towards the ultimate organisational goal.</p> <p>Example:</p> <p>If in an organisation individuals finish their targets in time, then departments also finish their targets in time which ultimately leads to the achievement of organisational targets in time.</p>									
<p>24</p>	<p>Answer.</p> <table border="1"> <tr> <td data-bbox="224 846 565 1087"> <p>(a) Mobilising and channelising the savings into most productive use</p> </td> <td data-bbox="565 846 1209 1087"> <p>A financial market facilitates the transfer of savings from savers to investors. it offers the savers the most appropriate investment opportunities like shares, debentures, bonds, etc.</p> </td> </tr> <tr> <td data-bbox="224 1087 565 1392"> <p>(b) Facilitate price discovery</p> </td> <td data-bbox="565 1087 1209 1392"> <p>Demand and supply determine the price of commodity and service in the market.</p> <p>The interaction between supplier and investor helps to establish the price for a financial asset which is being traded in the market.</p> </td> </tr> <tr> <td data-bbox="224 1392 565 1591"> <p>© Provides liquidity to financial assets</p> </td> <td data-bbox="565 1392 1209 1591"> <p>It provides a suitable platform for easy sale and purchase of financial assets like shares, bonds, debentures, etc.</p> </td> </tr> <tr> <td data-bbox="224 1591 565 1864"> <p>(d) Reduce the cost of transactions</p> </td> <td data-bbox="565 1591 1209 1864"> <p>It provides complete and valuable information like price, demand and supply of financial securities.</p> <p>Both buyers and sellers of the financial asset do not have to spend much of their time to search</p> </td> </tr> </table>		<p>(a) Mobilising and channelising the savings into most productive use</p>	<p>A financial market facilitates the transfer of savings from savers to investors. it offers the savers the most appropriate investment opportunities like shares, debentures, bonds, etc.</p>	<p>(b) Facilitate price discovery</p>	<p>Demand and supply determine the price of commodity and service in the market.</p> <p>The interaction between supplier and investor helps to establish the price for a financial asset which is being traded in the market.</p>	<p>© Provides liquidity to financial assets</p>	<p>It provides a suitable platform for easy sale and purchase of financial assets like shares, bonds, debentures, etc.</p>	<p>(d) Reduce the cost of transactions</p>	<p>It provides complete and valuable information like price, demand and supply of financial securities.</p> <p>Both buyers and sellers of the financial asset do not have to spend much of their time to search</p>	<p>3</p>
<p>(a) Mobilising and channelising the savings into most productive use</p>	<p>A financial market facilitates the transfer of savings from savers to investors. it offers the savers the most appropriate investment opportunities like shares, debentures, bonds, etc.</p>										
<p>(b) Facilitate price discovery</p>	<p>Demand and supply determine the price of commodity and service in the market.</p> <p>The interaction between supplier and investor helps to establish the price for a financial asset which is being traded in the market.</p>										
<p>© Provides liquidity to financial assets</p>	<p>It provides a suitable platform for easy sale and purchase of financial assets like shares, bonds, debentures, etc.</p>										
<p>(d) Reduce the cost of transactions</p>	<p>It provides complete and valuable information like price, demand and supply of financial securities.</p> <p>Both buyers and sellers of the financial asset do not have to spend much of their time to search</p>										

		this information.					
25	<p>Answer. In this situation the best method would be Vestibule Training In this method a new separate training centre is set up. An experienced and trained trainer is appointed as an incharge of the centre. Machines tools and equipment are so arranged to present the look of the workshop. Employees are made to practice on those tools and equipment. After the training employees can be put to the real job. This ensures that the new employees are trained to get the best performance with less wastage.</p>		4				
26	<p>Answer. (i). Marketing (ii). The two features are:</p> <table border="1"> <tr> <td>Customer value</td> <td>Marketing leads to exchange of products and services between buyers and sellers. For customers to buy a product: Value of the product > Cost/price of the product Marketer should add to the value of the product so that customers prefer it over competitors.</td> </tr> <tr> <td>Exchange mechanism</td> <td>The process of marketing works on the exchange mechanism, i.e. in marketing, the products and services are exchanged for money or some valuable item. Following conditions should be satisfied for exchange to take place: Presence of two or more parties, i.e. the buyer and the seller Each party should offer something of value to the other Effective communication should be there between the parties Each party should deliver its own will in accepting or rejecting the offer, i.e. exchange should be at will Freedom to each party regarding whether to accept or reject the offer made by the other</td> </tr> </table>		Customer value	Marketing leads to exchange of products and services between buyers and sellers. For customers to buy a product: Value of the product > Cost/price of the product Marketer should add to the value of the product so that customers prefer it over competitors.	Exchange mechanism	The process of marketing works on the exchange mechanism, i.e. in marketing, the products and services are exchanged for money or some valuable item. Following conditions should be satisfied for exchange to take place: Presence of two or more parties, i.e. the buyer and the seller Each party should offer something of value to the other Effective communication should be there between the parties Each party should deliver its own will in accepting or rejecting the offer, i.e. exchange should be at will Freedom to each party regarding whether to accept or reject the offer made by the other	4
Customer value	Marketing leads to exchange of products and services between buyers and sellers. For customers to buy a product: Value of the product > Cost/price of the product Marketer should add to the value of the product so that customers prefer it over competitors.						
Exchange mechanism	The process of marketing works on the exchange mechanism, i.e. in marketing, the products and services are exchanged for money or some valuable item. Following conditions should be satisfied for exchange to take place: Presence of two or more parties, i.e. the buyer and the seller Each party should offer something of value to the other Effective communication should be there between the parties Each party should deliver its own will in accepting or rejecting the offer, i.e. exchange should be at will Freedom to each party regarding whether to accept or reject the offer made by the other						
27	<p>Answer. Controlling is <u>both</u> a goal oriented process <u>as well as</u> an action oriented process.</p> <table border="1"> <tr> <td>(a) Controlling is a</td> <td>Controlling as a function of management</td> </tr> </table>		(a) Controlling is a	Controlling as a function of management	4		
(a) Controlling is a	Controlling as a function of management						

<p>goal oriented function</p>	<p>ensures that the efforts of all individuals working at different levels are directed towards the ultimate organisational go.</p> <p>Example:</p> <p>If an organisation individuals finish their targets in time, then departments also finish their targets in time which ultimately leads to the achievement of organisational targets in time.</p>			
<p>(b) Controlling is an action oriented process</p>	<p>The essence of controlling lies in taking corrective actions to remove the gap between predetermined standards and actual performance of a personnel.</p> <p>Example:</p> <p>In a photo frame manufacturing company, the defects in photo frames were found to be 2% of total frames manufactured. This deviation of 2% can be removed by an effective corrective action.</p>			
<p>28</p>	<p>Answer.</p> <table border="1" data-bbox="224 1268 1208 1864"> <tr> <td data-bbox="224 1268 519 1864"> <p>(a) Occupational specialisation</p> </td> <td data-bbox="519 1268 1208 1864"> <p>It leads to occupational specialisation since emphasis is placed on specific functions.</p> <p>This helps in promoting efficiency in utilisation of manpower as employees perform functions of similar nature regularly.</p> <p>Thus, this helps in improving performance of the employees (they become specialist) in their task.</p> <p>Example:</p> <p>Occupational specialisation can be seen in a medicines manufacturing company where there are departments like-</p> </td> </tr> </table>	<p>(a) Occupational specialisation</p>	<p>It leads to occupational specialisation since emphasis is placed on specific functions.</p> <p>This helps in promoting efficiency in utilisation of manpower as employees perform functions of similar nature regularly.</p> <p>Thus, this helps in improving performance of the employees (they become specialist) in their task.</p> <p>Example:</p> <p>Occupational specialisation can be seen in a medicines manufacturing company where there are departments like-</p>	<p>4</p>
<p>(a) Occupational specialisation</p>	<p>It leads to occupational specialisation since emphasis is placed on specific functions.</p> <p>This helps in promoting efficiency in utilisation of manpower as employees perform functions of similar nature regularly.</p> <p>Thus, this helps in improving performance of the employees (they become specialist) in their task.</p> <p>Example:</p> <p>Occupational specialisation can be seen in a medicines manufacturing company where there are departments like-</p>			

	<ul style="list-style-type: none"> a) operations b) marketing c) finance d) purchase e) Human resource
<p>(b) Better control and coordination</p>	<p>It promotes control and coordination within a department because of similarity in the tasks being performed.</p> <p>Example:</p> <p>All the employees in the marketing department are working in total coordination to achieve departmental goals. Similar is the case with the human resource department.</p>
<p>(c) Increase in managerial and operational efficiency</p>	<p>All the departmental heads are well focused on their own objectives; it leads to increase in profit as managerial and operational efficiency increases.</p> <p>Example:</p> <p>Since all the activities within the marketing department are interrelated both managerial and operational efficiency increases. If employees in the same department perform mixed functions (i.e. Functions of more than one department), there will be decrease in managerial and operational efficiency.</p>
<p>(d) Minimum duplication of efforts</p>	<p>It leads to minimum duplication of efforts as all similar functions are performed under the same department.</p> <p>Hence, all the wastage of time, efforts and money is reduced.</p> <p>Example:</p> <p>All the functions related to the hr department like recruitment, selection of employees, handling grievances of employees, etc. Are performed under</p>

	<p>the guidance of the HR head. All these activities are not taken care of by other departments so there is no duplication of efforts.</p>							
29	<table border="1"> <tr> <td>(1) Size and composition of fixed assets</td> <td> <p>Fixed assets are those assets which are required to start a new business and are permanent or long term in nature.</p> <p>These assets help in generating the revenue but not for the purpose of resale. How much investment is needed in a fixed asset is determined with the help of capital budgeting decisions.</p> <p>Example:</p> <p>A capital budgeting decision to invest a sum of rs.100crores in fixed assets would raise the size of fixed assets block by this amount.</p> </td> </tr> <tr> <td>(2) Size and composition of current assets</td> <td> <p>Current assets are those assets on the basis of which the production process of a business is carried out.</p> </td> </tr> <tr> <td>(3) Sources of long term and short term financing</td> <td> <p>The financial manager is responsible to generate the source of funds required to finance fixed assets and current assets.</p> <p>These fixed assets are financed with the help of</p> <ol style="list-style-type: none"> 1. equity share capital 2. preference share capital 3. debentures and long term borrowings, etc. </td> </tr> </table>	(1) Size and composition of fixed assets	<p>Fixed assets are those assets which are required to start a new business and are permanent or long term in nature.</p> <p>These assets help in generating the revenue but not for the purpose of resale. How much investment is needed in a fixed asset is determined with the help of capital budgeting decisions.</p> <p>Example:</p> <p>A capital budgeting decision to invest a sum of rs.100crores in fixed assets would raise the size of fixed assets block by this amount.</p>	(2) Size and composition of current assets	<p>Current assets are those assets on the basis of which the production process of a business is carried out.</p>	(3) Sources of long term and short term financing	<p>The financial manager is responsible to generate the source of funds required to finance fixed assets and current assets.</p> <p>These fixed assets are financed with the help of</p> <ol style="list-style-type: none"> 1. equity share capital 2. preference share capital 3. debentures and long term borrowings, etc. 	4
(1) Size and composition of fixed assets	<p>Fixed assets are those assets which are required to start a new business and are permanent or long term in nature.</p> <p>These assets help in generating the revenue but not for the purpose of resale. How much investment is needed in a fixed asset is determined with the help of capital budgeting decisions.</p> <p>Example:</p> <p>A capital budgeting decision to invest a sum of rs.100crores in fixed assets would raise the size of fixed assets block by this amount.</p>							
(2) Size and composition of current assets	<p>Current assets are those assets on the basis of which the production process of a business is carried out.</p>							
(3) Sources of long term and short term financing	<p>The financial manager is responsible to generate the source of funds required to finance fixed assets and current assets.</p> <p>These fixed assets are financed with the help of</p> <ol style="list-style-type: none"> 1. equity share capital 2. preference share capital 3. debentures and long term borrowings, etc. 							

		<p>Whereas current assets can be financed with the help of:</p> <ol style="list-style-type: none"> 1. advances from customers 2. short credit period allowed to debtors 3. long credit period availed from supplier 	
	(4) Fixing debt-equity ratio in capital employed	<p>The correct proportion between debt and equity is highly desirable. a newly established or financially weak company has to depend more on equity.</p> <p>Any old and financially strong company raises more funds for debts and least from equity.</p>	
30	<p>Answer. consumer, consumer protection and consumer protection act 1986</p>		4
	(1) Consumer	Consumer is a person who consumes or uses the product or services.	
	(2) Consumer protection	Consumer protection is the obligation which is based on the rules and regulations as well as obligation, which is to be performed by the seller/manufacturer, to protect the consumers from trading malpractices by the manufacturers, traders and service provider.	
	(3) Consumer protection act 1986	<p>The consumer protection act (cpa) was enacted by the parliament in 1986.</p> <p>To provide safeguard to consumers against the defective goods and fraud and misleading advertisements by the business enterprises.</p>	

	<p>Definition of consumer as per consumer protection act 1986</p>	<p>Any person who buys any goods for a consideration, which has been paid or promised, or partly paid or partly promised, or under any scheme of deferred payment.</p> <p>"commercial purpose" does not include use by a consumer of goods bought and used by him exclusively for the purpose of earning his livelihood, by means of self-employment</p>																
<p>31</p>	<p>Answer -</p> <table border="1" data-bbox="224 772 1209 1598"> <thead> <tr> <th data-bbox="224 772 427 905">Basis</th> <th data-bbox="427 772 813 905">Principles of science</th> <th data-bbox="813 772 1209 905">Principles of management</th> </tr> </thead> <tbody> <tr> <td data-bbox="224 905 427 1142">(a) Definition</td> <td data-bbox="427 905 813 1142">These are uniform laws of science which are applicable throughout universe.</td> <td data-bbox="813 905 1209 1142">Principles of management are broad and general guidelines for decision making and behavior.</td> </tr> <tr> <td data-bbox="224 1142 427 1306">(b) Example</td> <td data-bbox="427 1142 813 1306">Newton's law of motion etc.</td> <td data-bbox="813 1142 1209 1306">Principle of fayol and taylor etc.</td> </tr> <tr> <td data-bbox="224 1306 427 1432">(c) Nature</td> <td data-bbox="427 1306 813 1432">Rigid.</td> <td data-bbox="813 1306 1209 1432">Flexible.</td> </tr> <tr> <td data-bbox="224 1432 427 1598">(d) application</td> <td data-bbox="427 1432 813 1598">Modified and creative.</td> <td data-bbox="813 1432 1209 1598">Unchanged and produce the same result.</td> </tr> </tbody> </table>		Basis	Principles of science	Principles of management	(a) Definition	These are uniform laws of science which are applicable throughout universe.	Principles of management are broad and general guidelines for decision making and behavior.	(b) Example	Newton's law of motion etc.	Principle of fayol and taylor etc.	(c) Nature	Rigid.	Flexible.	(d) application	Modified and creative.	Unchanged and produce the same result.	<p>6</p>
Basis	Principles of science	Principles of management																
(a) Definition	These are uniform laws of science which are applicable throughout universe.	Principles of management are broad and general guidelines for decision making and behavior.																
(b) Example	Newton's law of motion etc.	Principle of fayol and taylor etc.																
(c) Nature	Rigid.	Flexible.																
(d) application	Modified and creative.	Unchanged and produce the same result.																
<p>32</p>	<p>Answer.</p> <p>(a). Planning (b) steps involved Setting objective - increasing profit Developing planning premises - Making certain and evaluating assumptions about future Identifying alternative course of action -</p>		<p>6</p>															

	<p>Purchasing new high speed machines Increasing sale price Using waste to produce shoes and boot mat. Evaluating alternative and selecting an alternative - Using the waste material to produce shoes and boot mat. (c) Further steps to complete the process (i) Planning promotes innovative ideas - Planning involves thinking in advance what to do and how to do it. There is a scope of finding better ideas to perform the particular task. Thus, planning makes managers innovative and creative. (ii) Planning establishes standards for controlling - A comparison of actual performance with the standards helps managers to identify the deviations and to take corrective action.</p>	
33	<p>Answer. (a) The concept used by Esha through which he is able to steer his company to greater heights is Decentralisation. (b) The three advantages of using decentralisation are as follows:</p> <p>(i) Decentralisation helps to promote self-reliance and confidence amongst the subordinates: When the subordinates are given freedom to take their own decisions they learn to depend on their own judgment and develop solutions for the various problems they encounter. Moreover, a decentralisation policy helps to identify those executives who have the necessary potential to become dynamic leaders. (ii) Relief to top management: Decentralisation reduces the need of direct supervision and helps to save the time of top management for pursuing other important work. (iii) Quick decision-making: In a decentralised organisation, managers at all levels are allowed to take such decisions independently which lie within their area of jurisdiction. This makes the process of decision making much faster.</p>	6
34	<p>Answer: (a) The Organising function of management is being performed by Ishita. (b) The steps involved in the process of organizing are as follows:</p>	6

Identification and Division of Work: The first step in the process of organising relates to identification and division of the work that has to be performed in accordance with predetermined plans. This helps to avoid duplication of activities and makes the work manageable. It also ensures that the burden of work is being shared among the employees.

Departmentalisation: The next step in the process involves grouping of similar activities into departments, units, sections etc. using several criteria as a basis. This facilitates specialization.

Assignment of Duties: Once departments have been created each of them is placed under the charge of an individual and then jobs are allocated to the members as per their job positions.

Establishing Reporting Relationship: While assigning jobs each member is told that from whom he /she has to take orders and to whom he/she will be accountable. The establishment of such clear reporting relationships help to create a well defined hierarchical structure. It also facilitates coordination amongst various departments.