

**Sample Questions 2020-21**

Class 12th

Business Studies (054)

MM – 80

Time: 3 Hours

General Instructions:

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- 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.**

## Solution

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. Coordination is lacking among the different departments in Rashi Ltd.</p> <p>The importance of coordination</p> <ol style="list-style-type: none"> <li>Functional differentiation: Coordination brings unity in action among the interdependent departments</li> <li>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.</li> <li>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.</li> </ol>	3

22	<p>Answer.</p> <p>I as the HR manager of the organisation would suggest</p> <p>(i) Use their knowledge: Use the knowledge of such groups to gather their support and lead to improved organisational performance.</p> <p>(ii) Weightage to both the formal and informal organisation: Instead of confronting the group I would advise the management to talk with the group and 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>	3						
23	<p>Answer. -</p> <table><tr><td>(1) Meaning of controlling</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>(2) Nature of controlling</td><td></td></tr><tr><td>(a) Controlling is a fundamental management function</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>	(1) Meaning of controlling	<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>	(2) Nature of controlling		(a) Controlling is a fundamental management function	<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
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25	<p>Answer.</p> <p>In this situation the best method would be Vestibule Training</p> <p>In this method a new separate training centre is set up. An experienced and trained trainer is appointed as an in charge 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.</p> <p>(i). Marketing</p> <p>(ii). The two features are:</p> <table><tr><td>Customer value</td><td><p>Marketing leads to exchange of products and services between buyers and sellers.</p><p>For customers to buy a product:</p><p>Value of the product &gt; Cost/price of the product Marketer should add to the value of the product so that customers prefer it over competitors.</p></td></tr><tr><td>Exchange mechanism</td><td><p>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.</p><p>Following conditions should be satisfied for exchange to take place:</p><p>Presence of two or more parties, i.e. the buyer and the seller</p><p>Each party should offer something of value to the other</p><p>Effective communication should be there between the parties</p><p>Each party should deliver its own will in accepting or rejecting the offer, i.e. exchange should be at will</p><p>Freedom to each party regarding whether to accept or reject the offer made by the other</p></td></tr></table>	Customer value	<p>Marketing leads to exchange of products and services between buyers and sellers.</p> <p>For customers to buy a product:</p> <p>Value of the product &gt; Cost/price of the product Marketer should add to the value of the product so that customers prefer it over competitors.</p>	Exchange mechanism	<p>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.</p> <p>Following conditions should be satisfied for exchange to take place:</p> <p>Presence of two or more parties, i.e. the buyer and the seller</p> <p>Each party should offer something of value to the other</p> <p>Effective communication should be there between the parties</p> <p>Each party should deliver its own will in accepting or rejecting the offer, i.e. exchange should be at will</p> <p>Freedom to each party regarding whether to accept or reject the offer made by the other</p>	4
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		e) Human resource	
(b) Better control and coordination	It promotes control and coordination within a department because of similarity in the tasks being performed.  Example:  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.		
(c) Increase in managerial and operational efficiency	All the departmental heads are well focused on their own objectives; it leads to increase in profit as managerial and operational efficiency increases.  Example:  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.		
(d) Minimum duplication of efforts	It leads to minimum duplication of efforts as all similar functions are performed under the same department.  Hence, all the wastage of time, efforts and money is reduced.  Example:  All the functions related to the HR department like recruitment, selection of employees, handling grievances of employees, etc. Are performed under the guidance of the HR head. All these activities are not taken care of by other departments so there is no duplication of efforts.		

29		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"> <li>1. equity share capital</li> <li>2. preference share capital</li> <li>3. debentures and long-term borrowings, etc.</li> </ol> <p>Whereas current assets can be financed with the help of:</p> <ol style="list-style-type: none"> <li>1. advances from customers</li> <li>2. short credit period allowed to debtors</li> <li>3. long credit period availed from supplier</li> </ol>	
(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>	



		Any old and financially strong company raises more funds for debts and least from equity.									
30	Answer. consumer, consumer protection and consumer protection act 1986	<table><tr><td>(1) Consumer</td><td>Consumer is a person who consumes or uses the product or services.</td></tr><tr><td>(2) Consumer protection</td><td>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.</td></tr><tr><td>(3) Consumer protection act 1986</td><td>The Consumer Protection Act (CPA) was enacted by the parliament in 1986.  To provide safeguard to consumers against the defective goods and fraud and misleading advertisements by the business enterprises.</td></tr><tr><td>Definition of consumer as per consumer protection act 1986</td><td>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.  "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</td></tr></table>	(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	The Consumer Protection Act (CPA) was enacted by the parliament in 1986.  To provide safeguard to consumers against the defective goods and fraud and misleading advertisements by the business enterprises.	Definition of consumer as per consumer protection act 1986	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.  "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	4
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32	<p>Answer.</p> <p>(a). Planning</p> <p>(b) steps involved</p> <p>Setting objective - increasing profit</p> <p>Developing planning premises - Making certain and evaluating assumptions about future</p> <p>Identifying alternative course of action -</p> <p>Purchasing new high-speed machines</p> <p>Increasing sale price</p> <p>Using waste to produce shoes and boot mat.</p> <p>Evaluating alternative and selecting an alternative - Using the waste material to produce shoes and boot mat.</p> <p>(c) Further steps to complete the process</p> <p>(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.</p> <p>(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>	6															

33	<p>Answer.</p> <p>(a) The concept used by Esha through which he is able to steer his company to greater heights is Decentralisation.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(b) The steps involved in the process of organizing are as follows:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	6

