

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.**

Solutions

Q		Marks
1	Hemram cannot file a complaint against the manufacturer in the consumer court as he is not the consumer of the product.	1
2	(d) All of the above	1
3	(c) Coordination is a continuous process	1
4	(a) Increasing competition	1
5	(c) A dynamic function	1

6	(a) It helps in coping with rapid changes	1
7	(c) Technological dimension and Political dimension	1
8	(b) No corrective action is required	1
9	(c) Method	1
10	(d) All of the above	1
11	(b) It may lead to spreading of rumours.	1
12	(c) Transportation packaging	1
13	A. Commercial paper, as it is a short term unsecured promissory note, which are issued by well reputed companies	1
14	B. 15 days to 1 year	1
15	B. The company which needs funds	1
16	D. It is also called Zero coupon bond.	1
17	C. Two level channel	1
18	A. 4	1
19	C. Social factors	1
20	C. Two level channel	1
21	<p>Answer.</p> <p>The various characteristics of management involved here are:</p> <ol style="list-style-type: none"> Goal Oriented. 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. Multidimensional. Various plans are made to harness the potential of the employees and streamline the processes. Employees—People, and Streamline the process—Operations. Dynamic. However, with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations. 	3
22	<p>Being Human Resource Manager of the company Nishant is supposed to perform the following specialised activities:</p> <ol style="list-style-type: none"> Recruitment Job analysis, collecting information about jobs in order to prepare job description. Developing compensation and incentive plans. Making arrangements for training and development of employees. Maintaining good relations with labour unions. Handling grievances and complaints. Taking care of social security and welfare of employees. Protecting the company against lawsuits, and avoiding legal complications. 	3

23	<p>Answer. - Controlling is both a goal-oriented process as well as an action-oriented process.</p> <table><tr><td>(a) Controlling is a goal-oriented function</td><td><p>Controlling as a 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, individual 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></td></tr><tr><td>(b) Controlling is an action-oriented process</td><td><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></td></tr></table>	(a) Controlling is a goal-oriented function	<p>Controlling as a 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, individual 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>	(b) Controlling is an action-oriented process	<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>	3
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24	<p>Answer:</p> <p>(a) The concept of financial market which is highlighted in the above case is 'Capital Market'. A company wanted to raise funds so it reached out to facilities and institutional arrangements through which long term funds (debt + equity) were raised and invested.</p> <p>(b) The two objectives of SEBI are:</p> <p>SEBI regulates the security industry and the stock exchanges. It ensures their proper functioning.</p> <p>SEBI ensures investors' protection by taking various steps against malpractices in the stock market.</p>	3				

25	<p>Answer:</p> <ol style="list-style-type: none">1. External source of Recruitment—Labour contractor.2. The main disadvantage of this source of recruitment is that in case the contractor leaves the organisation, all the workers employed through him will also quit.3. Basic Physiological needs.4. Two values communicated to the society are as follows:<ol style="list-style-type: none">(a) Social responsibility by creating employment opportunities.(b) Upliftment of the weaker section of the society.	4				
26	<ol style="list-style-type: none">(a) In the above case the function of marketing which has been highlighted is 'Standardisation' and 'Grading'.(b) The advantages of Standardisation are:<ol style="list-style-type: none">1) The buyers get standard quality products which are according to the given standards.2) The time of the buyer is saved as there is no need to inspect the product.The advantages of Grading are:<ol style="list-style-type: none">3) Grading helps in categorizing products which are not produced as per standards for example natural products like wheat, rice, etc.4) Grading helps in getting good price for premium quality products and saves time of seller as well as buyer.	4				
27	<p>Answer.</p> <table><tr><td>(1) Helps in achievement of organisational goals</td><td><p>Controlling function keeps the track of progress towards goals of the organisation. In case any deviation occurs, it takes corrective action.</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></td></tr><tr><td>(2) Judging accuracy of standards</td><td><p>A good control system helps to verify whether the standards set are accurate or not.</p><p>An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment.</p><p>Example:</p><p>A biscuit manufacturing company decided to produce 5 million biscuits by the end of the year. However, after three months they realized that they can produce only 2 million biscuits. So, they decided to revise their standards.</p></td></tr></table>	(1) Helps in achievement of organisational goals	<p>Controlling function keeps the track of progress towards goals of the organisation. In case any deviation occurs, it takes corrective action.</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>	(2) Judging accuracy of standards	<p>A good control system helps to verify whether the standards set are accurate or not.</p> <p>An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment.</p> <p>Example:</p> <p>A biscuit manufacturing company decided to produce 5 million biscuits by the end of the year. However, after three months they realized that they can produce only 2 million biscuits. So, they decided to revise their standards.</p>	4
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	<div>Example: The head of the human resource department of the company may not understand the requirements of the head of the marketing department who wants only MBA pass executives and this may lead to an inflexible approach.</div>											
29	<p>Dividend is that portion of profit which is distributed to shareholders.</p> <p>Dividend decision is related to how much profit after tax (pat) is to be distributed to the shareholders and how much is to be retained as retained earnings.</p> <p>Factors affecting dividend decision are:</p> <table><tr><td>(a) Earnings</td><td><p>Dividends are paid out of current and past earnings.</p><p>Hence, earning has to be good for a company only then it can pay a good dividend.</p></td></tr><tr><td>(b) Stability of earnings</td><td><p>A company should have stability of earning in order to pay higher dividends.</p><p>A company which doesn't show stability of income can't afford to give higher dividends.</p></td></tr><tr><td>(c) Cash flow position</td><td><p>If the company is short of cash then, declaration of higher dividend will be difficult for the company.</p></td></tr><tr><td>(d) Growth opportunities</td><td><p>If a company has good growth opportunities and a number of projects to invest in, then it should reinvest the earnings of the company.</p><p>In this case, the company will prefer to pay less dividends to shareholders.</p></td></tr><tr><td></td><td></td></tr></table>	(a) Earnings	<p>Dividends are paid out of current and past earnings.</p> <p>Hence, earning has to be good for a company only then it can pay a good dividend.</p>	(b) Stability of earnings	<p>A company should have stability of earning in order to pay higher dividends.</p> <p>A company which doesn't show stability of income can't afford to give higher dividends.</p>	(c) Cash flow position	<p>If the company is short of cash then, declaration of higher dividend will be difficult for the company.</p>	(d) Growth opportunities	<p>If a company has good growth opportunities and a number of projects to invest in, then it should reinvest the earnings of the company.</p> <p>In this case, the company will prefer to pay less dividends to shareholders.</p>			4
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30

Answer. Consumer Rights

4

(a) Right to safety	<p>Consumers have the right to be protected from such products which are unsafe and hazardous to life and health.</p> <p>A consumer should buy only standardized products which conform to safety norms as prescribed by the law.</p> <p>Example:</p> <p>While buying electrical appliances, a consumer should buy isi mark products only. This mark provides safety from electric shocks.</p>
(b) Right to be informed	<p>Consumers have the full right to get information about each and every fact related to a product like the quality, quantity, price, date of manufacture, date of expiry, direction to use, ingredients, purity etc.</p>
(c) Right to choose	<p>Marketers should offer a wide variety of products (on the basis of size, color, design, brand, prices etc.) to the consumers and allow them to make choices out of the offered products.</p> <p>Thus, a consumer enjoys 'freedom to choose' in the form of a right.</p>
(d) Right to be heard	<p>Every consumer has the right to file a complaint in case he feels cheated, dissatisfied or defrauded.</p> <p>Business organizations have also set up their grievances cells to entertain consumer complaints.</p>
(e) Right to seek redressal	<p>This right secures justice to the consumers in case product or service falls short of expectations.</p> <p>The consumer may get redressed in the form of replacement of product, removal of defect compensation for any loss or injury.</p>

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	<table> <tr> <th>Basis</th><th>Techniques of management</th><th>Principles of management</th></tr> <tr> <td>(a) Definition</td><td>Techniques are procedures or methods, which involve a series of steps to be taken to accomplish desired goals.</td><td>Principles of management are broad and general guidelines for decision making behavior.</td></tr> <tr> <td>(b) Example</td><td>Technique of loading iron onto a vehicle.</td><td>Principle of Fayol and Taylor.</td></tr> <tr> <td>(c) Nature</td><td>Chronological.</td><td>Flexible, broad and general.</td></tr> <tr> <td>(d) Application</td><td>Specific- they can be applied only to a specific situation.</td><td>General- they can be applied to different situations.</td></tr> </table>	Basis	Techniques of management	Principles of management	(a) Definition	Techniques are procedures or methods, which involve a series of steps to be taken to accomplish desired goals.	Principles of management are broad and general guidelines for decision making behavior.	(b) Example	Technique of loading iron onto a vehicle.	Principle of Fayol and Taylor.	(c) Nature	Chronological.	Flexible, broad and general.	(d) Application	Specific- they can be applied only to a specific situation.	General- they can be applied to different situations.	
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32	<p>(a) Rule and Method are the two different types of plans that relate to the online portal that Rajender intends to start.</p> <p>Rule: "Rajender 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."</p> <p>Method: "However, he decides to offer multiple payment options such as cash on delivery, credit or debit card transactions, net banking to the buyers etc."</p>	6															

	<p>(b) The difference between Rule and Method.</p> <table> <tr> <th>Basic</th><th>Rule</th><th>Method</th></tr> <tr> <td>Meaning</td><td>A specific guideline to behaviour</td><td>One best way of doing work</td></tr> <tr> <td>Purpose</td><td>To maintain discipline and order</td><td>To maximise efficiency and economy</td></tr> <tr> <td>source</td><td>Result of managerial thinking and values</td><td>Result of research and experimentation</td></tr> <tr> <td>Adherence</td><td>Calls for strict adherence and self-control</td><td>Calls for standardisation and simplification</td></tr> <tr> <td>Penalty</td><td>No tolerance limits penalty is imposed for violation</td><td>Tolerance limits laid down and deviations from the standard method</td></tr> </table>	Basic	Rule	Method	Meaning	A specific guideline to behaviour	One best way of doing work	Purpose	To maintain discipline and order	To maximise efficiency and economy	source	Result of managerial thinking and values	Result of research and experimentation	Adherence	Calls for strict adherence and self-control	Calls for standardisation and simplification	Penalty	No tolerance limits penalty is imposed for violation	Tolerance limits laid down and deviations from the standard method	
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33	<p>Answer. At present, the company is following functional structure and it intends to adopt a divisional structure in future. The difference between Functional organisational structure and Divisional organisational structure is as follows:</p> <table> <tr> <th>Basis</th><th>Functional Structure</th><th>Divisional Structure</th></tr> <tr> <td>Formation</td><td>It is based on functions.</td><td>It is based on product lines and is supported by functions.</td></tr> <tr> <td>Responsibility</td><td>It is difficult to fix responsibility in a department.</td><td>It is easy to fix responsibility for performance.</td></tr> <tr> <td>Specialisation</td><td>Functional specialisation</td><td>Product specialisation.</td></tr> <tr> <td>Cost</td><td>Economical, as functions are not repeated</td><td>Expensive, as it involves repetition of activities</td></tr> </table>	Basis	Functional Structure	Divisional Structure	Formation	It is based on functions.	It is based on product lines and is supported by functions.	Responsibility	It is difficult to fix responsibility in a department.	It is easy to fix responsibility for performance.	Specialisation	Functional specialisation	Product specialisation.	Cost	Economical, as functions are not repeated	Expensive, as it involves repetition of activities	6			
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34	<p>1. Indirect channel: One level channel of distribution adopted by the company</p> <div data-bbox="349 268 1172 336"> <pre> graph LR A[MANUFACTURER] --> B[RETAILER] B --> C[CONSUMER] </pre> </div> <p>2. The market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution are explained below:</p> <p>Size of market: If the size of the target market is small, it is advisable that the marketer adopts methods of direct channels of distribution like online selling, mail order house, personal selling etc. wherein there are no intermediaries between the manufacturer and the consumers.</p> <p>However, if the marketer intends to target larger markets, he should adopt indirect channels of distribution (one level, two level or three level) by using intermediaries like wholesalers, retailers etc.</p> <p>Geographical concentration of potential buyers: If the potential buyers for the firm's product are geographically concentrated at a few specific places, it is advisable for the marketer to adopt direct channels of distribution.</p> <p>If the market for the product is widely scattered, indirect channels of distribution will be more effective.</p> <p>Quantity purchased: If the potential customers are likely to buy the firm's product in small quantity, indirect channels of distribution should be used by the marketer whereas if the order size is expected to be big, direct channels of distribution may be adopted.</p>	6
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