

Class – XII
Business Studies
Sample Question Paper 2018-19

MM: 80

Time Allowed: 3hours

Section A		Marks
1	“Successful organizations do not achieve their goals by chance but by following a deliberate process”. Identify the process highlighted here.	1
2	Distinguish between Delegation and Decentralization on the basis of freedom of action.	1
	Or	
	Distinguish between Authority and Responsibility on the basis of Origin.	
3	Name the process of stimulating and inspiring people at work to accomplish desired objectives.	1
	Or	
	Name the ‘on-the-job’ method of training that is used to give training to plumbers.	
4	Define Marketing Management.	1
	Or	
	Define ‘Grading’ as a function of marketing.	
5	Mohit purchased a smart phone for ₹30,000 from a mobile phone seller on his verbal commitment that the smart phone will be replaced in case of any defect, within a span of six months. The phone started creating technical issues in spite of proper maintenance and upkeep of the phone. The seller denied taking any action on the complaint made by Mohit. Name the redressal agency under the Consumer protection Act where Mohit can file his complaint.	1
6	‘The size of assets, the profitability and competitiveness are affected by one of the financial decisions’. State the decision involved with reference to the given statement.	1
7	In an organization, employees always feel that they are under enormous unnecessary stress, as the manager does not provide any information about future plans but simply instructs them what to do. He also does not listen to any of the suggestions given by the subordinates. Identify the type of leadership style followed by the manager in the above situation.	1
8	Mr. Mohan, Financial manager of ABC Ltd., has prepared the annual Statement of proposed expenditure to be presented in the Annual General Meeting. Identify the type of plan formulated by the financial manager.	1

Section B		
9	State any three points of importance of directing function of management.	3
	Or	
	State any three measures to overcome the communication barriers.	
10	<p>Rahul decided to start a desert cooler manufacturing business. He sets the target of earning 20% profit on sales in the first year. He was very much concerned about the future prospects of the business, which were uncertain.</p> <p>For this, he gathered information from the potential market and analyzed that the demand for wall mounted coolers is increasing day by day. He used this information as the base for future planning. On the basis of the gathered information, he called a meeting in the following week to find new methods to achieve the objective.</p> <p>a) Identify the function of management involved in the above case. b) Enumerate the next two steps, which have been followed by Rahul that are related to the process of one of the functions of management.</p>	3
11	“The overall objective of SEBI is to protect the interest of investors and to promote the development of, and regulate the securities market.” In light of the given statement, state any three objectives of SEBI.	3
	OR	
	“Financial markets play an important role in the allocation of scarce resources in an economy by performing important functions.” In light of the given statement, state any three functions performed by Financial Market.	
12	‘Delegation is not a process of abdication.’ Comment	3
13	<p>Mr. Rohit is into transport business. His buses are hired by schools for transportation of students. He is willing to expand and diversify his business to inter-state transportation purposes.</p> <p>Enumerate any six factors that will affect his fixed capital requirements.</p>	3
Section C		
14	<p>The Government of India has recently come up with an amendment to Section 6 of the Payment of Wages Act 1936, to allow employers of certain industries to make payment through various electronics modes of payments. The amendment will be applicable to all the public sector undertakings for wages disbursement using e-payment options. This is another milestone in the direction to further push to cashless economy.</p> <p>Identify and explain any two dimensions of business environment which relate to the above mentioned case.</p>	4

15	State any four differences between Primary market and Secondary Market.	4
Or		
Differentiate between Capital Market and Money Market on the basis of : (a) Liquidity (b) Duration (c) Expected Return (d) Safety		
16	Aarushi buys a packet of dry cake from a cake shop without asking for the bill. The pack does not bear any information other than the name of shop. After reaching home she finds the cake to be stale. a) Identify the consumer right that has been violated. b) State any three responsibilities that a consumer must keep in mind while purchasing any good.	4
17	State any four characteristics of good brand name.	4
Or		
State any four functions of Packaging.		
18	Kavita recently joined as the human resource director of Arjun Vidyamandir School, a senior secondary educational institute. She observed that the school had an experienced medical team on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the school authorities. Instead the school outsourced the task of maintenance of health records of the students and paid them a good compensation for their services. Because of this, the existing medical team felt disheartened and stopped giving useful suggestions. a) Identify the communication barrier discussed above. b) State the category of this communication barrier. c) Explain any other two communication barriers of the same category.	4
19	Sherya Ltd. is a large credit-worthy company manufacturing automobiles for the Indian market .It now wants to cater to the other market and decided to invest in new machines. For this, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market. a) Name and discuss the money market instrument the company can use for the above purpose. b) What is the duration for which the company can get funds through this instrument? c) State any other purpose for which this instrument can be used.	4
Section D		
20	Identify the technique of sales promotion used by the company in the following cases: (a) Purchase goods worth ₹ 90,000 and get a holiday package of ₹10,000 free. (b) A company offers 40% of extra glucose in a pack of 1 Kg. (c) A mobile company offers a discount of ₹2,000 to clear off excess inventory.	5

	(d) A company offers a pack of 1 Kg of tea with a purchase of 5 kgs of sugar (e) On return of the wrapper, a customer gets ₹5 off on purchase of the same product.	
21	State any five functions performed by the manager who is working at the middle level management.	5
	Or	
	State any five characteristics of Coordination.	
22	Rudrakshi Ltd. is engaged in manufacturing high end luxury pens. The target production is 700 units daily. The company had been successfully attaining this target until three months ago. Over the last few month, it has been observed that daily productions varies between 600-650 units. I. Identify the function of management, which has been highlighted in the above context. II. Discuss the first four steps involved in the process of the function identified above.	5
	Section E	
23	Differentiate between Functional structure and Divisional structure.	6
	Or	
	Distinguish between Formal organization and Informal organization.	
24	A public transport corporation has hired 2000 buses for the different routes for the passengers of metropolitan city. In order to fill vacancies, it advertised in the newspaper and number of applicants applied for the same. The company has to now undertake the process of selection to identify and select the best. Explain the first six steps involved in the process.	6
25	Flavours Ltd. was engaged in the business of making handmade chocolates. Lately, the business was expanding due to good quality and reasonable prices. As the demand was increasing, Flavours Ltd. decided to explore bakery products as well. In order to make bakery products the company directed its workforce to work overtime but this resulted in multiple problems. Due to increased pressure the efficiency declined and the workers had to take orders from more than one superior. Workers were overburdened and their health was also affected. Gradually the quality of the products begins to decline and market share also went down. The company realized that they had implemented changes without waiting for the required infrastructure. Identify and explain the principles/technique of Taylor/Fayol referred to in the above para.	6

Class – XII
BUSINESS STUDIES
Marking Scheme 2018-19

Time allowed : 3 Hours

Answers

Maximum Marks : 80

SECTION- A														
1.	Process highlighted in the statement is 'Management'.	1												
2.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Basis</th> <th style="width: 33%;">Delegation</th> <th style="width: 33%;">Decentralisation</th> </tr> </thead> <tbody> <tr> <td>Freedom of Action</td> <td>More control by superiors hence less freedom to take own decisions.</td> <td>Less control over executives hence greater freedom of action.</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Basis</th> <th style="width: 33%;">Authority</th> <th style="width: 33%;">Responsibility</th> </tr> </thead> <tbody> <tr> <td>Origin</td> <td>Arises from formal position.</td> <td>Arises from delegated authority.</td> </tr> </tbody> </table>	Basis	Delegation	Decentralisation	Freedom of Action	More control by superiors hence less freedom to take own decisions.	Less control over executives hence greater freedom of action.	Basis	Authority	Responsibility	Origin	Arises from formal position.	Arises from delegated authority.	1
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3.	<p>The process of stimulating and inspiring people at work to accomplish desired objectives is known as Motivation.</p> <p style="text-align: center;">OR</p> <p>Apprenticeship programmes can be used to give training to the plumbers.</p>	1												
4	<p>Marketing management refers to planning, organising, directing and controlling of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.</p> <p style="text-align: center;">OR</p> <p>Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.</p>	1												
5	No, Mohit cannot file a complaint against the seller in the consumer court as he does not have cash-memo. He had purchased mobile phone on the verbal commitment only.	1												
6	Capital budgeting decision involves allocation of funds to different projects or assets with long term implications.	1												

7	Autocratic style of leadership is being followed by the manager in the given situation.	1
8	Budget is the type of plan formulated by the financial manager.	1
Section B		
9	<p>Importance of directing: (Any three statements)</p> <ol style="list-style-type: none"> 1. Directing helps to initiate action in the organization towards attainment of desired objectives. 2. Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organisational performance. 3. Directing guides employees to fully realize their potential and capabilities by motivating and effective leadership. 4. Directing facilitates introduction of needed changes in the organisation. 5. Effective directing helps to bring stability in the organization. 	1X3= 3
OR		
	<p>Measures to overcome communication barriers :</p> <ol style="list-style-type: none"> 1. Clarify the ideas before communication. 2. Communicate according to the needs of the receiver. 3. Consult others before communicating. 4. Be aware of the languages, tone and content of messages. 5. Convey things of help and value to listeners. 6. Ensure proper feedback. 7. Communicate for present as well as future. 8. Follow up communications. 9. Be a good listener. (Any three statements) 	
10	<ol style="list-style-type: none"> (a) Planning (b) (i) Identifying alternative courses of action. (ii) Evaluating alternative courses of action. 	1 1X2
11	<p><u>Objectives of SEBI:</u> (any three)</p> <ol style="list-style-type: none"> 1. To regulate stock exchanges and the securities industry to promote their orderly functioning. 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them. 3. To prevent trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation. 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional. 	1X3= 3
OR		

	<p>Functions of Financial Market: (Any three)</p> <ol style="list-style-type: none"> 1. Financial markets mobilise savings of households and channelize them into the most productive uses. 2. It facilitates price discovery of a financial asset through interaction between supply and demand of funds. 3. Financial markets provide liquidity to financial assets, so that they can be easily converted into cash whenever required. 4. Financial markets provide valuable information about securities being traded in the market and thereby, help to reduce cost of transaction in terms of time, effort and money. 	
1 2	<p>The given statement is true as delegation helps a manager to extend his area of operation as without it his activities would be restricted to only what he himself can do. However, delegation does not mean abdication; the manager shall still be accountable for the assigned task.</p>	3
1 3	<p>Factors affecting fixed capital requirements are: (any six)</p> <ol style="list-style-type: none"> i. Scale of operations ii. Financing alternatives iii. Growth prospects iv. Nature of Business v. Diversification vi. Level of Collaboration vii. Technology Upgradation viii. Financing Alternatives 	3
SECTION C		
14	<p>The various dimensions of business environment which relate to the above mentioned case are stated below:</p> <ol style="list-style-type: none"> a) Political Environment: Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business. b) Legal Environment: Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government centre, state or local. It is imperative for the management of every enterprise to obey the law of the land. c) Technological Environment: Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business. <p style="text-align: right;">(any two)</p>	4

PRIMARY AND SECONDARY MARKETS – A COMPARISON

PRIMARY MARKETS	SECONDARY MARKETS
(i) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	(i) There is trading of existing shares only.
(ii) Securities are sold by the company to the investor directly (or through an intermediary).	(ii) Ownership of existing securities is exchanged between investors. The company is not involved at all.
(iii) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	(iii) Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.
(iv) Only buying of securities takes place in the primary market, securities cannot be sold there.	(iv) Both the buying and the selling of securities can take place on the stock exchange.
(v) Prices are determined and decided by the management of the company.	(v) Prices are determined by forces of demand and supply.
(vi) There is no fixed geographical location.	(vi) Located at specified places.

(any four)

OR

Basis	Capital Market	Money Market
Liquidity	Capital market securities are considered liquid but less liquid than money market securities.	Money market securities enjoy higher degree of liquidity.
Duration	Capital market deals with medium and long term securities.	Money Market deals with short term securities.
Expected Return	The investment in capital markets yield higher return due to longer duration.	The investment in money market yields less return due to short duration.
Safety	Capital market securities are riskier than money market instruments.	Money market securities are comparatively safer than capital market securities.

16	<p>(i) Right to Information</p> <p>(ii) CONSUMER RESPONSIBILITIES (Any two) :</p> <p>a. Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.</p> <p>b. Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.</p> <p>c. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.</p> <p>d. Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.</p> <p>e. Assert yourself to ensure that you get a fair deal.</p> <p>f. Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc.</p> <p>g. Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.</p>	1 1X3= 3
17	<p>Characteristics of a good brand name: (Any four)</p> <p>(i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc.</p> <p>(ii) A brand should suggest the product's benefits and qualities. It should be appropriate to the product's function. e.g., Rasika, Genteel, Promise, My Fair Lady and Boost.</p> <p>(iii) A brand name should be distinctive e.g., Liril, Sprit, Safari, Zodiac.</p> <p>(iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages.</p> <p>(v) The brand name should be sufficiently versatile to accommodate new products, which are added to the product line. e.g. Maggie, Colgate.</p> <p>(vi) It should be capable of being registered and protected legally.</p> <p>(vii) Chosen name should have staying power i.e., it should not get out of date</p>	1X4= 4
OR		
<p>Functions of packaging:</p> <p>(i) Product Identification: Packaging greatly helps in identification of the products. For example, Colgate in red colour, or Ponds cream jar can be easily identified by its package.</p> <p>(ii) Product Protection: Packaging protects the contents of a product from spoilage, breakage, leakage, pilferage, damage, climatic effect, etc. This kind of protection is required during storing, distribution and transportation of the product.</p> <p>(iii) Facilitating Use of the Product: The size and shape of the package should be such that it should be convenient to open, handle and use for the</p>		

	<p>consumers. Cosmetics, medicines and tubes of toothpastes are good examples of this.</p> <p>(iv) Product Promotion: Packaging is also used for promotion purposes. A startling colour scheme, photograph or typeface may be used to attract attention of the people at the point of purchase. Sometimes it may work even better than advertising. In self-service stores, this role of packaging becomes all the more important.</p>	
18	<p>(i) The communication barrier discussed in the above paragraph is Lack of proper incentives.</p> <p>(ii) It is a type of Personal barrier.</p> <p>(iii) Other communication barriers of the same category are: (any two+ with suitable explanation)</p> <p>a) Fear of challenge to authority</p> <p>b) Lack of confidence of superior on his subordinates</p> <p>c) Unwillingness to communicate.</p>	<p>1</p> <p>1</p> <p>1X2=2</p>
19	<p>(a) Commercial paper – it is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It is used to provide short term funds for seasonal and working capital needs of the business.</p>	
SECTION D		
20	<p>a. Usable benefit</p> <p>b. Quantity Gifts</p> <p>c. Rebate</p> <p>d. Product combination</p> <p>e. Refund</p>	<p>1X5=5</p>
21	<p>Following are the functions performed by the middle level manager:-</p> <p>(i) interpret the policies framed by top management</p> <p>(ii) ensure that their department has the necessary personnel,</p> <p>(iii) assign necessary duties and responsibilities to them,</p> <p>(iv) motivate them to achieve desired objectives,</p> <p>(v) Cooperate with other departments for smooth functioning of the organization.</p>	<p>1X5=5</p>
OR		
	<p>Characteristics of Coordination:</p> <p>(i) Coordination unifies unrelated or diverse interests into purposeful work activity.</p> <p>(ii) The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) Coordination is not a one-time function but a continuous process. It begins</p>	

	<p>at the planning stage and continues till controlling.</p> <p>(iv) Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.</p> <p>(v) Coordination is the responsibility of all managers at the top, middle and lower level.</p> <p>(vi) Coordination is the deliberate function of management. (ANY FIVE)</p>	
22	<p>(i) Controlling</p> <p>(ii) Following are the first four steps involved in the controlling process:-</p> <p>(a) Setting Performance Standards: The first step in the controlling process is setting up of performance standards. Standards are the criteria against which actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work. Standards can be set in both quantitative as well as qualitative terms.</p> <p>(b) Measurement of Actual Performance: Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. As far as possible, performance should be measured in the same units in which standards are set as this would make their comparison easier.</p> <p>(c) Comparing Actual Performance with Standards: This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms.</p> <p>(d) Analysing Deviations: Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas.</p>	<p>1</p> <p>1X4= 4</p>

SECTION E

23

1X6=
6

Differentiate between functional structure and divisional structure:

S.No.	BASIS	FUNCTIONAL STRUCTURE	DIVISIONAL STRUCTURE
1.	Formation	Formation is based on functions	Formation is based on product lines and is supported by functions.
2	Specialisation	Functional specialisation.	Product specialisation.
3	Responsibility	Difficult to fix on a department.	Easy to fix responsibility for performance.
4	Managerial Development	Difficult, as each functional manager has to report to the top management.	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.
5	Cost	Functions are not duplicated hence economical	Duplication of resources in various departments, hence costly.
6	Coordination	Difficult for a multiproduct company.	Easy, because all functions related to a particular product are integrated in one

OR

Difference Between Formal and informal organization:

S.No.	BASIS	Formal organisation	Informal organisation
1.	Meaning	Structure of authority relationships created by the management.	Network of social relationships arising out of interaction among employees.
2	Origin	Arises as a result of company rules and policies.	Arises as a result of social interaction.
3	Authority	Arises by virtue of position in management.	Arises out of personal qualities
4	Behavior	It is directed by rules.	There is no set behavior pattern.
5	Flow of communication	Communication takes place through the scalar chain	Flow of communication is not through a planned

			route. It can take place in any direction.	
	6	Nature	Rigid	Flexible
	7	Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.
	(Any Six)			
24	<p>Following are the steps involved in the selection process:-</p> <ul style="list-style-type: none"> (i) Preliminary Screening: Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms. (ii) Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality (iii) Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer. (iv) Reference and Background Checks: Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references. (v) Selection Decision: The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. (vi) Medical Examination: After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination. 			1X6=6
25	<p>(i) UNITY OF COMMAND - According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle.</p>			3

	<p>(ii) FATIGUE STUDY - A person is bound to feel tired physically and mentally if she/he does not rest while working. The rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity. Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task.</p>	3
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