| | | |
|---|---|---|
| | **Business Studies (Subject Code 054)**<br>**CLASS XII (2026-27)**<br>**SAMPLE QUESTION PAPER**<br>**TIME ALLOWED: 3 hours** **M.M: 80** | |
| | **General instructions:**<br>**1 This question paper contains 34 questions.**<br>**2. Marks are indicated against each question.**<br>**3. Answers should be brief and to the point.**<br>**4. Answers to the questions carrying 3 marks may be from 50 to 75 words.**<br>**5. Answers to the questions carrying 4 marks may be about 150 words.**<br>**6. Answers to the questions carrying 6 marks may be about 200 words.**<br>**7. Attempt all parts of the questions together** | |
| Q.NO | | MARKS |
| 1. | Ms Pratima Bhanot is working as Quality Control Supervisor in a company. Identify the function that she will not be performing at the level at which she is working:<br>(A) Ensuring the quality of output of workers. | 1 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| | (B) Confirming that safety standards are maintained in the organisation.<br>(C) Analysing the business environment and its implications for the survival of the firm.<br>(D) Minimising the wastage of materials. | |
| 2. | Name the technique of Scientific Management that relates the compensation system to the efficiency of workers.<br>A) Motion Study<br>B) Differential Piece Wage System<br>C) Standardisation and Simplification of work<br>D)Fatigue Study | 1 |
| 3. | Raja is the Managing Director of Shraddha Ltd.,a firm manufacturing Environment Friendly products. As the firm grows in size he has decided to pay attention to the organisation structure. Which of the following organization structures should he choose in order to make managerial development easier, by providing autonomy and the chance to perform multiple functions?<br>A) Functional Structure<br>B) Span of management<br>C) Divisional Structure<br>D) Informal organisation | 1 |
| 4. | Read the following statements very carefully:<br><br>Statement I: Trade tests evaluate the potential of a candidate for acquiring new skills.<br><br>Statement II: Training prepares employees to take charge of higher positions in case of an emergency.<br><br>Choose the correct option from the following:<br><br>(A) Statement I is true and Statement II is false. | 1 |

| | | |
|---|---|---|
| | (B) Statement II is true and Statement I is false.<br><br>(C) Both the statements are true.<br><br>(D) Both the Statements are false. | |
| 5. | Dash n Dip' was established in 2022 as one of the first fast-food chains in India introducing the concept of family-style restaurants. However, within two years, the business started losing customers to multinational food chains and eventually had to shut down its operations.<br><br>The owner of the restaurant, Ms Kamya Kulkarni realized that she had been unable to identify, understand, evaluate and respond to the external environmental trends like changes in customer's preferences and increasing competition. This had resulted in hindering the firm's performance.<br><br>Identify the importance of understanding the business environment highlighted in the above case.<br><br>(A) It helps in tapping useful resources.<br>(B) It helps the firm to identify threats and early warning signals.<br>(C) It helps in assisting in planning and policy formulation<br>(D) It enables the firm to identify opportunities and get the first mover advantage. | 1 |
| 6. | Choose the correct statement about controlling function of management:<br>(A)Controlling completes one cycle of management process and improves planning in the next cycle.<br>(B) Controlling is the function of management that initiates action by people in the organisation.<br>C) Controlling involves only looking back and not looking ahead.<br>(D) Standards in the Controlling process must be set in quantitative terms only. | 1 |

<table>
<tr>
<td>7.</td>
<td>Match the terms given in column 1 with their meaning given in column2:<br><br>
<table>
<tr><th>Column1</th><th>Column2</th></tr>
<tr><td>1. Financial Intermediation</td><td>(i)Facilities and institutional arrangements through which long term funds both equity and debt are raised and invested</td></tr>
<tr><td>2. Primary market</td><td>(ii) the process by which allocation of funds is done</td></tr>
<tr><td>3. Capital market</td><td>(iii) market for creation and exchange of financial assets</td></tr>
<tr><td>4. Financial market</td><td>(iv) Securities are sold by the company to the investor directly (or through an intermediary).</td></tr>
</table>
<br>Choose the correct option from the following<br>
(A) 1 (i) ,2 (ii) ,3 (iii) , 4 (iv)<br>
(B) 1 (ii) ,2 (iv) ,3 (i) , 4 (iii)<br>
(C) 1 (ii) ,2 (iii) ,3 (i) , 4 (iv)<br>
(D) 1 (iv) ,2 (ii) ,3 (i) , 4 (iii)</td>
<td>1</td>
</tr>
<tr>
<td>8.</td>
<td>Who is a consumer under the Consumer Protection Act, 2019?<br>
(A). It includes any user of such goods or beneficiary of services if such use is made with the disapproval of the buyer.<br>
(B). It applies to online transactions only which are made through electronic means or by teleshopping or direct selling or multilevel marketing.<br>
( C). Any person who obtains goods or avails services for resale or commercial purpose.</td>
<td>1</td>
</tr>
</table>

| | | |
|---|---|---|
| | (D). A person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. | |
| 9. | <br>Choose the incorrect statement about the principle of management illustrated by the above picture:<br>(A) Absence of this principle will result in loss of coordination.<br>(B) The principle should be promoted in all organisations otherwise objectives would be difficult to realise.<br>(C) The principle helps avoid dual subordination.<br>(D) The principle promotes a spirit of unity and harmony among employees. | 1 |
| 10. | **Assertion (A):** Capital budgeting decisions have a long-term impact on the profitability and growth of a business.<br><br>**Reason (R):** Capital budgeting decisions deal only with short-term revenue expenditures.<br><br>Choose the correct options:<br><br>(A) Both A and R are true and R is the correct explanation of A. | 1 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| | (B) Both A and R are true but R is not the correct explanation of A.<br><br>(C) A is true but R is false.<br><br>(D) A is false but R is true. | |
| 11. | The Consumers Affairs Minister met with the representatives from various E-Commerce firms on the subject of "dark patterns", warning them that app designs that are intended to deceive and nudge users to spend more or compromise their privacy are considered unfair trade practices. Which authority under the Consumer Protection Act, 2019 would regulate matters relating to violation of rights of consumers, unfair trade practices and take necessary action?<br>A). Central Consumer Protection Authority<br>B). Non-Governmental Organisations<br>C). Supreme Court<br>D). Consumer affairs Ministry | 1 |
| 12. | Select the statement that does not correctly describe working capital**.**<br>(A) It consists of funds invested in current assets of the business.<br>(B) It helps in carrying out regular business activities smoothly.<br>(C) It is calculated as the difference between current assets and current liabilities.<br>(D) It is usually less liquid but contributes more to the profits than fixed assets. | 1 |
| 13. | A ₹2 lakh fine has been imposed on an online pharmacy Medisimple for automatically renewing a three-month membership subscription of the customers for ₹99 without obtaining explicit user consent. The order passed by the Concerned Authority stated that the promotion design used by the pharmacy amounted to an unfair trade practice called "basket sneaking", and directed the company to refund consumers who had not consented to the renewal. Where can the appeal be filed in case any of the parties is not satisfied with the order, on the grounds of facts or rules of Consumer Protection Act,2021? | 1 |

| | | |
|---|---|---|
| | A). District Commission<br>B). State Commission<br>C). National Commission<br>D). Supreme Court | |
| 14. | Arijit and Ananya started a small business selling Eco-Friendly home decoration items made from recycled materials under the name 'EcoComfort'. Ananya carefully analysed market conditions and predicted that there will be an increasing awareness about sustainability among urban consumers and the competition from conventional home decor brands will be moderate.<br>They decided to achieve ₹2 lakh monthly sales by the end of first year.<br>Arijit explored the following innovative courses of action to achieve the target:<br>1.Selling through online platforms like E-Commerce market places and social media stores.<br>2. Including local retail outlets to reach the local target market.<br>3.Partnering with cafes, gyms, wellness stores for product placements.<br>Identify the steps which have not been performed by Arijit and Ananya in carrying out the planning function of management.<br>(i) Setting objectives<br>(ii) Follow up action<br>(iii) Implementing the plan<br>(iv) Developing premises<br>(v) Identifying alternative courses of action<br>(vi)Selecting an alternative<br>(vii) Evaluating alternative courses<br>Choose the correct option:<br>(A) (i),(iv),(v)<br>(B) (ii),(iii),(iv),(vi)<br>(C) (i),(iv),(v),(vii)<br>(D) (vii),(vi),(iii),(ii) | 1 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| 15. | Astrio Ltd. is a fast-growing company engaged in manufacturing consumer goods. The management noticed that despite good demand for its products, the company often faced delays in certain activities, while at other times money remained unused for long periods. To address this issue, the finance department decided to prepare a comprehensive plan before undertaking future activities. The company carefully assessed its upcoming business requirements and tried to determine how much money would be needed for different activities and at what stage these requirements would arise. At the same time, the management examined various ways through which funds could be arranged so that financial requirements could be met without disruption.<br>Identify the concept discussed in the above lines.<br><br>(A) Capital structure<br><br>(B) Financial control<br><br>(C) Investment<br><br>(D) Financial planning | 1 |
| 16. | Raahat has started a diagnostic centre in Gurgaon and decided to offer a salary of ₹10,000 plus a commission of ₹ 200 for each sample collected, to the employees appointed for the purpose. Name the cost being discussed above.<br>A). Fixed cost<br>B). Variable cost<br>C). Semi Variable cost<br>D). Total cost | 1 |
| 17. | Delicious Beverages Ltd. is a company manufacturing packaged fruit juices. Initially, the company enjoyed a monopoly in the local market, and customers readily bought its products. However, in recent years, several new beverage companies have entered the market. To retain customers, Delicious Beverages Ltd. | 1 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| | started offering attractive credit terms, discounts, and promotional schemes. The company also increased its inventory to ensure uninterrupted supply. Identify the factor affecting the working capital requirement of Delicious Beverages Ltd. being discussed above:<br>A). Growth prospects<br>B). Level of competition<br>C). Production Cycle<br>D) Scale of operations | |
| 18. | Rama purchased a breakfast cereal "Healthme", which her friend Sapna had recommended. Sapna told her that consuming the cereal for breakfast had helped her in losing 5 kgs in 6 months. Rama had also seen the advertisement for the cereal which suggested weight loss and fitness. Rama did not lose any weight even after one year. She approached the helpline of the company to file a complaint. The employee on the helpline asked her to read the general instructions on the package, which said that the "results may vary". Rama realised that she had not read the information written on the tag attached to the product before buying it. Which consumer right did Rama exercise and which consumer responsibility had she ignored?<br>A). Right to be heard, Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.<br>B). Right to be assured, Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.<br>C). Right to be assured, Buy only standardised goods as they provide quality assurance<br>D). Right to be heard, File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. | 1 |

| | | |
|---|---|---|
| 19. | A company has an existing equity share capital of ₹20,00,000. It proposes to raise an additional ₹10,00,000 either by issuing equity shares or by issuing 10% debentures. If the Earnings Before Interest and Tax (EBIT) of the company is ₹4,50,000 and the corporate tax rate is 30%, which of the following financing options will result in a higher Earnings Per Share (EPS)?<br><br>(A) Issue of equity shares<br>(B) Issue of debentures<br>(C) Both financing options will result in the same EPS<br>(D) EPS cannot be determined with the given information | 1 |
| 20. | The management of Pure Foods Pvt.Ltd. noticed that in spite of timely salaries and satisfactory working conditions, employees seemed disengaged and less committed to their work.<br><br>The management conducted regular performance reviews and introduced a system where supervisors monitored work progress closely. Thus, the employees knew well in advance the standards of performance on the basis of which they will be appraised. Feedback was provided regularly, and employees who performed well were appreciated publicly during monthly meetings. Underperforming employees were given guidance and training instead of punishment.<br><br>After a few months, employee confidence improved, and performance levels increased significantly.<br><br>Identify the point of importance of controlling function discussed in the above case.<br>A) Judging accuracy of standards<br>B) Improving employee motivation<br>C) Ensuring order and discipline<br>D) Both A and B | 1 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| 21. | (A) State the first three steps involved in selecting the most suitable candidate for a job.<br>OR<br>(B) State any three benefits of training and development to the organisation. | 3 |
| 22. | After completing a diploma in sales and marketing, Supreet joined as a tele sales representative in a French Insurance Company in Paris. Although he was fluent in English language and a friendly, knowledgeable person, he was unable to meet the sales target. Mr. Pierre, his supervisor, called a meeting to discuss the reason for his under performance. Mr. Pierre came to know that Supreet had only done a basic course in French language and therefore, due to lack of proficiency in the French language he made mistakes while communicating with French clients.<br>a) Name the barrier of communication due to which Supreet was unable to meet the target.<br>b) Apart from the barrier identified in part a) briefly explain any two barriers of communication from the same group. | 3 |
| 23. | (A)<br>Explain the following factors affecting financing decision of a company :<br>(a) Control considerations<br>(b) State of capital market<br>OR<br>(B) Explain the following factors affecting the fixed capital requirements of a company:<br>(a) Choice of technique<br>(b) Growth prospects | 3 |
| 24. | Mr Bhavik Bhavnani was recently appointed as the Human Resource Manager of 'Sorbit informations'. Till now, the company had been advertising all its vacancies | 3 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| | in a local newspaper publication called' Climb Heights'. However, many times, it would bring a flood of responses from unsuitable candidates.<br>The General Manager, Mr Raman Kalia, called Mr Bhavnani for a meeting to take his suggestions about alternative ways of searching for prospective employees. Mr. Bhavnani suggested that the company should maintain a close liaison with leading management institutes of the country. He also advised hiring private agencies and professional bodies who would recommend suitable candidates to the company. Also, as a database of unsolicited applicants was kept in the organisation, it was discussed that a list of such job-seekers could be prepared and screened to fill the vacancies.<br>State the various sources suggested by Mr Bhavnani in the above case study, by which potential candidates may be located and stimulated to apply for jobs in the organisation. | |
| 25. | (A)Explain the following points of nature of Principles of Management:<br>a) Cause and effect relationship<br>b) Universal applicability<br>OR<br>(B) Explain the following Principles of Management:<br>a) Harmony not discord<br>b) Science not rule of thumb | 4 |
| 26. | "Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.)." Explain any two components of the element of marketing mix discussed above. | 4 |
| 27. | HK Metals Limited has set clear standards for production output, defect rate and operating costs. During a monthly review, Mr Himank, the Chairman, received a report from the Accounts Manager, Mr Akhil. He reported that most expenses were | 4 |

| | | |
|---|---|---|
| | within the approved budget. However, the maintenance expenses had exceeded the permissible limit set by management.<br>Mr Himank did not interfere in routine matters but instructed Mr Akhil to investigate the cause of increase in maintenance expenses.<br>A) Name and explain the principle of managerial control applied by Mr Himank in the above case.<br>B) Identify and state the subsequent step in the controlling process that must be undertaken by Mr Akhil to ensure that standards are accomplished. | |
| 28. | (A) 'Leaders play a key role in the success and excellence of any organisation'.<br>a) Elucidate the term 'leadership'.<br>b) Explain any two styles of leadership based on the use of authority.<br>OR<br>(B) 'Maslow's Need Hierarchy Theory of Motivation is based on human needs. He felt that within every human being, there exists a hierarchy of needs'<br>a) Define the term motivation.<br>b) Explain any two needs of human beings that according to Maslow formed part of the hierarchy. | 4 |
| 29. | Lisha Fabric Private Limited is a company manufacturing cotton garments. The Marketing Manager of the company notices a shift in Generation Z' expectations as they are becoming aware of ethical fashion. The company decides to collaborate with Hridyansh, a Tech Enthusiast who has invented an innovative machine that recycles plastic bottles to manufacture sustainable fabrics.<br>Identify and explain the dimensions of the business environment highlighted in the above case. | 4 |
| 30. | Guruji Garments Ltd., a leading apparel manufacturing company in Ludhiana, produces winter wear for domestic and international markets.<br>During the peak season, the Production Department increased output to meet rising | 4 |

| | | |
|---|---|---|
| | demand. However, the Sales Department had not secured enough confirmed orders, leading to excess stock. At the same time, the Finance Department delayed releasing funds for raw materials, causing interruptions in production. As a result, confusion and conflict arose among different departments.<br><br>The General Manager noticed that the departmental heads were not sharing the information regularly thus leading to lack of synchronisation of activities of different departments.<br><br>1.The problem faced by Guruji Garments Ltd. mainly indicates absence of an important concept of management. Name the concept.<br><br>2.State any three characteristics of the above identified concept. | |
| 31. | (A) Describe Product cost, Utility and demand and Marketing Methods used as factors determining the price of a product.<br>OR<br>(B) Describe the concepts of branding, packaging and labelling as elements of product mix. | 6 |
| 32. | Astrick Ltd., a fast-growing FMCG company, decided to expand its operations by setting up a new manufacturing unit. To raise funds, the company issued shares to the public. After the issue, the company participated in a market which provided a platform for buying and selling of existing securities.<br><br>Soon, Astrick Ltd. noticed that the market price of its shares was constantly changing based on the company's performance reports, economic conditions, and demand and supply. Investors felt confident because its dealings were well defined according to the existing legal framework. It also ensured that they could easily convert their investment into cash whenever needed and the savings of the investors could get channelised into the most productive investment opportunities. | 6 |

*Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.*

| | | |
|---|---|---|
| | (a) Name and give a suitable definition of the institution which as a market provides the platform referred to in the above case.<br><br>(b) Explain the functions of the institution identified in part a) discussed in the case. | |
| 33. | India's IT services companies saw a sharp decline in the share prices on February 12, 2026 over persistent fears that the artificial intelligence (AI)-led disruption will affect their profits in the coming years. Awino, one of India's top IT solutions providers, in order to face the challenge, has decided to separate itself into several subsidiaries by product line: telecommunications, engineering, financial services, etc. Each subsidiary brings in about $300 million in annual earnings and is self-sufficient with their own accounting books, personnel and administrative functions. The decision making authority is shared with lower levels and is consequently placed nearest to the points of action. Explain briefly any four benefits Awino will get from this selective dispersal of authority. | 6 |
| 34. | (A) Explain a) Procedure b) Strategy c) Rule as types of plans<br>OR<br>(B) Explain the following benefits of planning:<br>a) Planning facilitates decision making<br>b) Planning reduces the risk of uncertainty<br>c) Planning establishes standards of controlling | 6 |

| | | |
|---|---|---|
| | **Business Studies (Subject Code 054)**<br><br>**CLASS XII (2026-27)**<br><br>**MARKING SCHEME**<br><br>**TIME ALLOWED: 3 hours** **M.M:80** | |
| Q.NO | | MARKS |
| 1. | (C). Analysing the business environment and its implications for the survival of the firm. | 1 |
| .2 | (B). Differential Piece Wage System | 1 |
| 3. | (C). Divisional Structure | 1 |
| 4. | (B). Statement II is true and Statement I is false. | 1 |
| 5. | (B). It helps the firm to identify threats and early warning signals. | 1 |
| 6. | (A) Controlling completes one cycle of management process and improves planning in the next cycle. | 1 |
| 7. | (B). 1 (ii) ,2 (iv) ,3 (i) , 4 (iii) | 1 |
| 8. | (D). A person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. | 1 |

| | | |
|---|---|---|
| 9. | (C) The principle helps avoid dual subordination. | 1 |
| 10. | (C). A is true but R is false. | 1 |
| 11. | (A). Central Consumer Protection Authority | 1 |
| 12. | (D). It is usually less liquid but contributes more to the profits than fixed assets. | 1 |
| 13. | (B). State Commission | 1 |
| 14. | (D).(vii),(vi),(iii),(ii) | 1 |
| 15. | (D). Financial planning | 1 |
| 16. | C). Semi Variable cost | 1 |
| 17. | (B). Level of competition | 1 |
| 18. | (A). Right to be heard, Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. | 1 |
| 19. | (B). Issue of debentures | 1 |
| 20. | (B). Improving employee motivation | 1 |
| 21. | (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 | 1x3=3<br>One mark for each |

| | | |
|---|---|---|
| | reasons, which did not appear in the application forms.<br>(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.<br>(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 the interviewer.<br>OR<br>Benefits of training and development to the organisation: (any3)<br>(i) Training is a systematic learning, always better than hit and trial methods which lead to wastage of efforts and money.<br>(ii) It enhances employee productivity both in terms of quantity and quality, leading to higher profits.<br>(iii) Training equips the future manager who can take over in case of emergency.<br>(iv) Training increases employee morale and reduces absenteeism and employee turnover.<br>(v) It helps in obtaining an effective response to a fast changing environment – technological and economic. | statement |
| 22. | a) The barrier of communication due to which Supreet was unable to meet the target is Faulty Translation.<br>b) The barriers under the group Semantic Barriers are: (any two)<br>(i) Badly expressed message: Sometimes intended meaning may not be conveyed by a manager to his subordinates. These badly expressed messages may be an account of inadequate vocabulary, usage of wrong words, | a)1<br>+<br>b)1x2=3<br>(½ mark for each heading+ ½ mark for |

| | | |
|---|---|---|
| | omission of needed words, etc.<br>(ii) Symbols with different meanings: A word may have several meanings. The receiver has to perceive one such meaning for the word used by the communicator. Wrong perception leads to communication problems<br>(iii) Unclarified assumptions: Some communications may have certain assumptions which are subject to different interpretations.<br>(iv) Technical jargon: It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field. Therefore, they may not understand the actual meaning of many such words.<br>(v Body language and gesture decoding: Every movement of the body communicates some meaning. The body movement and gestures of the communicator matters so much in conveying the message. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived. | each explanation) |
| 23. | (A)<br>(a) Control considerations-Issue of more equity may lead to dilution of management's control over the business. Debt financing has no such implication. Companies afraid of a takeover bid would prefer debt to equity.<br>(b) State of capital market- Health of the capital market may also affect the choice of source of fund. During the period when the stock market is rising, more people invest in equity. However, a depressed capital market may make the issue of equity shares difficult for any company.<br>OR<br>(B)<br>(a) Choice of technique-Some organisations are capital intensive whereas others are labour intensive. A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour. The requirement of fixed capital for such organisations would be higher. Labour intensive organisations on the other hand require less investment in fixed assets. Hence, their fixed | 1 ½ + 1 ½ =3<br>(½ mark for each heading+1 mark for each explanation) |

| | | |
|---|---|---|
| | capital requirement is lower.<br>(b) Growth prospects-Higher growth of an organisation generally requires higher investment in fixed assets. Even when such growth is expected, a company may choose to create higher capacity in order to meet the anticipated higher demand quicker. This entails larger investment in fixed assets and consequently larger fixed capital. | |
| 24. | 1) Campus Recruitment: Colleges and institutes of management and technology have become a popular source of recruitment for technical, professional and managerial jobs. Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs.<br>2) Placement Agencies and Management Consultants: In technical and professional areas, private agencies and professional bodies appear to be doing substantive work. Placement agencies provide a nationwide service in matching personnel demand and supply. These agencies compile bio-data of a large number of candidates and recommend suitable names to their clients. Such agencies charge a fee for their services. Management consultancy firms help the organisations to recruit technical, professional and managerial personnel. They specialise in middle level and top level executive placements.<br>3) Casual Callers: Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job-seekers can be a valuable source of manpower. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise. | 1x3=3<br>(1 mark for each correct statement) |
| 25. | (A)<br>a) Cause and effect relationship-The principles of management are intended to establish a relationship between cause and effect so that they can be used in similar situations in a large number of cases. As | 2+2=4<br>(½ mark for each heading and 1 ½ |

| | | |
|---|---|---|
| | such, they tell us if a particular principle was applied in a particular situation, what would be its likely effect. The principles of management are less than perfect since they mainly apply to human behaviour. In real life, situations are not identical. So, accurate cause and effect relationships may be difficult to establish<br>b) Universal applicability-The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like.<br>OR<br>(B)<br>a) Harmony not discord-Taylor called for complete mental revolution on the part of both management and workers. It means that management and workers should transform their thinking. In such a situation even trade unions will not think of going on strike etc. Management should share the gains of the company, if any, with the workers. At the same time workers should work hard and be willing to embrace change for the good of the company. Both should be part of the family. According to Taylor, 'Scientific management has for its foundation the firm conviction that the true interests of the two are one and the same;<br>b) Science not rule of thumb-Taylor pioneered the introduction of the method of scientific inquiry into the domain of management practice. Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. Scientific method involved investigation of traditional methods through work-study, unifying the | for each explanation) |

| | | |
|---|---|---|
| | best practices and developing a standard method, which would be followed throughout the organisation. | |
| 26. | Components of physical distribution- the element of marketing mix discussed (Any two):<br>1. Transportation: Transportation is the means of carrying goods and raw materials from the point of production to the point of sale. It is one of the major elements in the physical distribution of goods. It is important because unless the goods are physically made available, the sale cannot be completed.<br>2. Warehousing: Warehousing refers to the act of storing and assorting products in order to create time utility in them. The basic purpose of warehousing activities is to arrange placement of goods and provide facilities to store them. The need for warehousing arises because there may be a difference between the time a product is produced and the time it is level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because a lot of capital would be tied up in the stock. Thus, a balance is to be maintained in respect of the cost and customer satisfaction. required for consumption.<br>3. Inventory control: Linked to warehousing decisions are the inventory decisions which hold key to success for many manufacturers, especially those where the per unit cost is high. A very important decision in respect of inventory is deciding about the level of inventory.<br>4. Order processing: In a typical buyer-seller relationship, order placement is the first step. Products flow from manufacturers to customers via channel members while orders flow in the reverse direction, from customers to the manufacturers. A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which, goods would reach the | 2x2=4<br><br>(½ marks for the heading and 1½ marks for the explanation) |

| | | |
|---|---|---|
| | customers late or in wrong quantity or specifications. This would result in customer dissatisfaction, with the danger of loss of business and goodwill. | |
| 27. | A) The principle of managerial control applied by Mr Himank in the case is Management by Exception. Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of management.<br>B) The subsequent step in the controlling process that must be undertaken by Mr Akhil to ensure that standards are accomplished is- Taking Corrective Action: No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished. In case the deviation cannot be corrected through managerial action, the standards may have to be revised. | 2+2=4<br>A)1 mark for naming and 1 mark for explanation<br><br>B)1mark for identification and 1 mark for explanation |
| 28. | (A)<br>a) Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.<br>b) Any two styles of leadership depending on the use of authority-<br>(i) Autocratic or Authoritarian leader An autocratic leader gives orders and expects his subordinates to obey those orders. If a manager is following this style, then communication is only one-way with the subordinate only acting according to the command given by the manager. This leader is dogmatic, i.e., does not change or wish to be contradicted. His following is based on the assumption that reward or punishment both can be given depending upon | (1+1 ½ X 2=4 )<br>(1 mark for elucidating + ½ mark for the heading + 1 mark for the explanatio |

| | | |
|---|---|---|
| | the result. This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and has to ensure labour productivity. Quick decision-making is also facilitated.<br>(ii) Democratic or Participative leader A democratic leader will develop action plans and make decisions in consultation with his subordinates. He will encourage them to participate in decision-making. This kind of leadership style is more common now-a-days, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the other's opinion and support subordinates to perform their duties and accomplish organisational objectives. They exercise more control by using forces within the group.<br>(iii) Laissez faire or Free-rein leader Such a leader does not believe in the use of power unless it is absolutely essential. The followers are given a high degree of independence to formulate their own objectives and ways to achieve them. The group members work on their own tasks resolving issues themselves. The manager is there only to support them and supply them the required information to complete the task assigned.<br>OR<br>(B)<br>a) Motivation means incitement or inducement to act or move. In the context of an organisation, it means the process of making subordinates to act in a desired manner to achieve certain organisational goals.<br>b) Maslow's theory was based on human needs. He felt that within every human being, there exists a hierarchy of five needs. These are: (Any two)<br>(i) Basic Physiological Needs: These needs are most basic in the hierarchy and correspond to primary needs. Hunger, thirst, shelter, sleep and sex are some examples of these needs. In the organisational context, basic salary helps to satisfy these needs.<br>(ii) Safety/Security Needs: These needs provide security and protection from | n) |

| | | |
|---|---|---|
| | physical and emotional harm. Examples: job security, stability of income, Pension plans etc.,<br>(iii) Affiliation/Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship.<br>(iv) Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention.<br>(v) Self Actualisation Needs: It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals. | |
| 29. | 1) Social Environment-The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc. Traditions define social practices that have lasted for decades or even centuries. For example, the celebration of Diwali, Eid, Christmas, and Guru Parv in India provides significant financial opportunities for greeting card companies, sweets or confectionery manufacturers, tailoring outlets and many other related businesses. Values refer to concepts that a society holds in high esteem. Social trends present various opportunities and threats to business enterprises.<br>2) 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. For example, recent technological advances in computers and electronics have modified the ways in which companies advertise their products. | 2+2=4<br>(1 mark each for identification and 1each mark for explanation) |
| 30. | A) Concept identified is Coordination<br>B) Characteristics of coordination are-(any three)<br>1.Coordination is a continuous process: Coordination is not a one-time function but a continuous process. It begins at the planning stage and | 1+3=4<br>A)1mark for naming the concept+ |

| | | |
|---|---|---|
| | continues till controlling.<br>2.Coordination is an all pervasive function: 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. The purchase, production and sales departmental efforts have to be coordinated for achieving organisational objectives harmoniously.<br>3.Coordination integrates group efforts: Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.<br>4. Coordination ensures unity of action: The purpose of coordination is to secure unity of action in the realisation 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.<br>Coordination is the responsibility of all managers: Coordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.<br>5. Coordination is a deliberate function: A manager has to coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives a direction to that willing spirit. | B) 1X3=3 (one mark for each correct statement) |

| | | |
|---|---|---|
| 31. | (A)Following are the factors determining the price of a product:<br>1. Product cost: One of the most important factors affecting the price of a product or service is its cost. This includes the cost of producing, distributing and selling the product. The cost sets the minimum level or the floor price at which the product may be sold. Generally, all marketing firms strive to cover all their costs, at least in the long run. In addition, they aim at earning a margin of profit over and above the costs. In certain circumstances, for example, at the time of introducing a new product or while entering a new market, the products may be sold at a price, which does not cover all the costs. But in the long run, a firm cannot survive unless at least all its costs are covered. Semi variable costs are those costs which vary with the level of activity but not in direct proportion with it.<br>2. Utility and Demand: While the product costs set the lower limits of the price, the utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. In fact the price must reflect the interest of both the parties to the transaction—the buyer and the seller. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid. The seller would, however, try to at least cover the costs. According to the law of demand, consumers usually purchase more units at a low price than at a high price.<br>the maximum price for its products.<br>3. Marketing Methods Used: Price fixation process is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and promoted, these must be made available to customers at the right amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer services provided. Similarly, the uniqueness of any of the elements mentioned above gives the company a competitive freedom in fixing prices of its products.<br>OR | 2x3=6<br>(½ mark for the heading and<br>1 ½ marks for the explanation) |

| | | |
|---|---|---|
| | (B)The concepts of branding, packaging and labelling as elements of product mix:<br>Branding: One of the most important decisions that a marketer has to take in the area of 'product' is in respect of branding. If products were sold by generic names, it would be very difficult for him to decide whether the firm's products will be marketed under a brand name or a generic name. Thus, most marketers give a name to their product, which helps in identifying and distinguishing their products from the competitors' products. This process of giving a name or a sign or a symbol etc., to a product is called branding.<br>Packaging: Packaging refers to the act of designing and producing the container or wrapper of a product. Packaging plays a very important role in the marketing success or failure of many products, particularly the consumer non-durable products. In fact if one makes an analysis of the reasons for the success of some of the successful products in the recent past, it can be noted that packaging has played its due role.<br>Labelling: A simple looking but important task in the marketing of goods relates to designing the label to be put on the package. The label may vary from a simple tag attached to the product (such as in case of local unbranded products like sugar, wheat, pulses, etc.) indicating some information about the quality or price, to complex graphics that are part of the package, like the ones on branded products. Labels are useful in providing detailed information about the product, its contents, method of use, etc. | |
| 32. | (a) The institution that provides the platform is the Stock Exchange. According to the Securities Contracts (Regulation) Act, 1956, Stock Exchange means anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business | 1+1+4=6<br><br>1 mark for naming +<br>1 mark for |

| | | |
|---|---|---|
| | of buying and selling or dealing in securities.<br><br>(b) Functions of the institution discussed are:<br><br>1.Providing Liquidity and Marketability to existing Securities: The basic function of a stock exchange is the creation of a continuous market where securities are bought and sold. It gives investors the chance to disinvest and reinvest. This provides both liquidity and easy marketability to already existing securities in the market.<br><br>2. Pricing of Securities: Share prices on a stock exchange are determined by the forces of demand and supply. A stock exchange is a mechanism of constant valuation through which the prices of securities are determined. Such a valuation provides important instant information to both buyers and Sellers in the market.<br><br>3. Safety of Transaction: The membership of a stock exchange is well-regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.<br><br>4. Contributes to Economic Growth: Through the process of disinvestment and reinvestment savings get channelised into their most productive investment avenues. This leads to capital formation and economic growth. | definition+ 1x 4 (½ mark each for heading +½ mark each explanation) |
| 33. | Decentralisation is a fundamental step and its importance can be understood from the following points: (Any four)<br><br>(i) Develops initiative among subordinates: Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to make their own | 1 ½ X 4=6 (½ mark for each heading and 1 mark for explanatio |

| | | |
|---|---|---|
| | decisions they learn to depend on their own judgment.<br><br>(ii) Develops managerial talent for the future: Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them a chance to prove their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions.<br><br>(iii) Quick decision making: In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster. There are also less chances of information getting distorted because it doesn't have to go through long channels.<br><br>(iv) Relief to top management: Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. Also, personal supervision is generally replaced by other forms of control such as return on investment etc.<br><br>(v) Facilitates growth: Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the departments.<br><br>(vi) Better control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. The extent of achievement of organisational objectives as well as the contribution of each department in meeting the overall objectives can be ascertained. Decentralisation compels the management to innovative performance measurement systems. | n) |

| | | |
|---|---|---|
| 34. | (A) a) Procedure-Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. They are specified in a chronological order. Procedures are specified steps to be followed in particular circumstances. They are generally meant for insiders to follow. The sequence of steps or actions to be taken are generally to enforce a policy and to attain pre-determined objectives. Policies and procedures are interlinked with each other.<br>b) Strategy-A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organisation's direction and scope in the long run. Thus, we can say a strategy is a comprehensive plan.for accomplishing an organisation objectives. This comprehensive plan will include three dimensions, (i) determining long term objectives, (ii) adopting a particular course of action, and (iii) allocating resources necessary to achieve the objective. Whenever a strategy is formulated, the business environment needs to be taken into consideration<br>c) Rule-Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plans because there is no compromise or change unless a policy decision is taken.<br>OR<br>(B)<br>a) Planning facilitates decision making-Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions, thus helping in taking rational decisions.<br>b) Planning reduces the risk of uncertainty- Planning is an activity which | 2 X3=6<br><br>(½ mark for each heading and 1 ½ mark for explanation) |

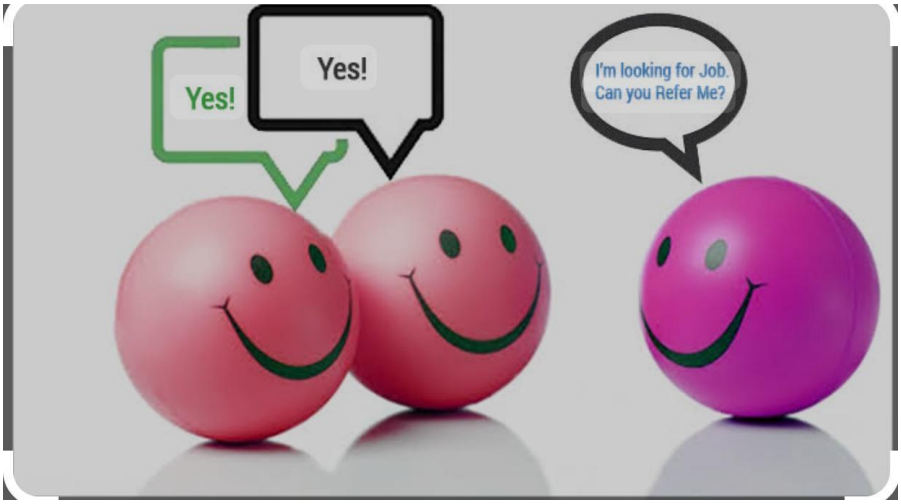
| | | |
|---|---|---|
| | enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.<br>c) Planning establishes standards of controlling-Planning involves setting of goals. Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. The nature of corrective action required depends upon the extent of deviations from the standard. Therefore, planning provides the basis of control. | |

| | | |
|---|---|---|
| | **BUSINESS STUDIES (054)**<br>**SAMPLE QUESTION PAPER**<br>**CLASS XII (2025-26)**<br>MM – 80 TIME: 3 Hours | |
| | General instructions :<br>1 This question paper contains 34 questions.<br>2. Marks are indicated against each question.<br>3. Answers should be brief and to the point.<br>4. Answers to the questions carrying 3 marks may be from 50 to 75 words.<br>5. Answers to the questions carrying 4 marks may be about 150 words.<br>6. Answers to the questions carrying 6 marks may be about 200 words.<br>7. Attempt all parts of the questions together. | |
| Q.N | | Marks |
| 1 . | The project managers in an organisation set targets for the upcoming months and outline strategies to achieve them. At the same time, they assign specific roles and responsibilities to their team members. They motivate them to meet the deadline, by celebrating their achievements and taking their feedback. Thus, various functions are simultaneously performed by all managers all the time. Name the characteristic of Management discussed above.<br>a) Management is a dynamic function<br>b) Management is a continuous process<br>c) Management is an intangible force<br>d) Management is goal oriented | 1 |

| | | |
|---|---|---|
| 2. | Henri Fayol's principle of discipline which emphasizes obedience to organisational rules and employment agreement, is evolved out of the experience and collective wisdom of managers. The nature of principle of management reflected through the above statement is—----------<br>a) Universal applicability<br>b) Flexible<br>c) Mainly behavioral<br>d) Formed by practice and experimentation | 1 |
| 3. | **Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:**<br>**ASSERTION(A): Maslow's need hierarchy theory of motivation is widely recognised and appreciated yet criticised.**<br>**REASON(R): Even though Maslow's theory focuses on needs as a basis of motivation and helps to develop understanding about the motivation phenomenon, his propositions are questioned on their classification and hierarchy.**<br>Alternatives :<br>**(a)** Both Assertion (A) and Reason (R) are true.<br>**(b)** Both Assertion (A) and Reason (R) are false.<br>**(c)** Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.<br>**(d)** Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion. | 1 |

| | | |
|---|---|---|
| 4. | **Read the following statements carefully:**<br><br>Statement- I Values are basic truths or guidelines for behaviour which are formed after research in work situations.<br><br>Statement- ll While practising Principles of Management, values cannot be neglected as business organisations have to fulfil social and ethical responsibility towards society.<br><br>**In the light of given statements , choose the correct alternative from the following:**<br><br>**(a)**Both the statements are true.<br><br>**(b)** Both the statements are false.<br><br>**(c)** Statement I is true, Statement II is false.<br><br>(d) Statement II is true, Statement I is false | 1 |
| 5. | Manu Priya is working as the Human Resource Manager of EDT Limited at an annual salary of ₹ 8 lakh per annum and is also offered shares of the company at a set price which is lower than the market price. The method being used to calculate the compensation provided to her is—------.<br><br>a) Time based direct financial payment<br><br>b) Indirect financial payment<br><br>c) Time based Pay Plus incentives<br><br>d) Performance based direct financial payment | 1 |

| | | |
|---|---|---|
| 6. | Out of the following, which is/are the component(s) of the social environment.<br><br>1) Rate of inflation has increased by 2% leading to a higher total cost for business enterprises.<br><br>2)Various specialty health food and grocery shops have opened in an area where fitness and health enthusiasts live.<br><br>3) Life expectancy rate in India has improved over the past 20 years due to adequate health facilities and infrastructure.<br><br>4) A company in its human resource manual discloses a zero tolerance policy for racial discrimination and discriminatory practices against employees with disability.<br><br>5) The Advertising Standards Council of India prohibits the advertisement that promotes products or services that are banned by law.<br><br>Choose the correct option :<br><br>a) only 2<br><br>b) 1,2,3<br><br>c) 2,4,5<br><br>d) 2,3,4 | 1 |
| 7. | Name the element of marketing mix which includes deciding about the features, quality, packaging, labelling and branding of goods or services or 'anything of value' which is offered to the market for sale.<br><br>a) promotion<br><br>b) place<br><br>c) product<br><br>d) price | 1 |

| | | |
|---|---|---|
| 8 . | Choose the correct statement about the controlling function of management.<br><br>a) No corrective action is required when the deviation goes beyond the acceptable range in important areas.<br><br>b) Deviations should be analysed for their causes.<br><br>c)Measurement of actual performance should be done only after the task is complete.<br><br>d)Managers must keep a check on each and every activity, otherwise the entire organisation may suffer. | 1 |
| 9. | Look at the picture given below and answer the question that follows:<br><br><br><br><br>Identify the incorrect statement about the type of source of recruitment depicted above.<br><br>a) Management can attract qualified people to apply for vacant positions in the organisation.<br><br>b) It may lead to dissatisfaction and frustration among existing employees.<br><br>c) Such employees are not likely to be good employees as their background is not sufficiently known.<br><br>d) Management has a wider choice while selecting people for employment. | 1 |

| | | |
|---|---|---|
| 10. | Arrange the following elements of communication process in the correct sequence:<br>i) Media<br>ii) Message<br>iii)Sender<br>iv) Decoding<br>v) Receiver<br>vi) Feedback<br>vii) Encoding<br>Choose the correct option:<br>a) iii,i,vii,ii,v,iv,vi<br>b) iii,ii,vii,i,iv,v,vi<br>c) ii,iii,vii,vi,iv,v,i<br>d) ii,i,vii,iii,v,iv,vi | |
| 11. | Choose the correct statement about the meaning of depository.<br>a) Depository holds and transfers securities in the Demat Form.<br>b) Depository serves as an intermediary and buys and sells securities on the instructions of clients.<br>c) Depository is like a bank and keeps securities in electronic form on behalf of investors.<br>d) Depository buys securities from a company and sells to the public at a higher price. | 1 |
| 12. | A product will be purchased only if it is perceived to be giving the greatest benefit for the money.<br>Name the feature of marketing reflected in this statement<br>a) Creating a market offering<br>b) Customer value<br>c) Exchange mechanism<br>d) Needs and wants | 1 |

<table>
<tr>
<td>13.</td>
<td>Match the concepts of management given in column I with their meaning given in column II<br><br>
<table>
<tr><th></th><th>COLUMN I</th><th></th><th>COLUMN II</th></tr>
<tr><td>A</td><td>Management Hierarchy</td><td>i</td><td>Involves defining and grouping of activities, resource allocation and establishment of authority relationships.</td></tr>
<tr><td>B</td><td>Coordination</td><td>ii</td><td>Involves establishing performance standards measuring actual performance and taking corrective action</td></tr>
<tr><td>C</td><td>Organising</td><td>iii</td><td>It shows orderly arrangement of individual and group efforts to ensure unity of action in realisation of common objectives.</td></tr>
<tr><td>D</td><td>Controlling</td><td>iv</td><td>Refers to different levels in the organisation created as a result of authority responsibility relationships binding individuals as superiors and subordinates.</td></tr>
</table>
Choose the correct option from the following:<br><br>
a)Aiv,B iii, Cii, Di<br><br>
b)ii, B iii, Civ, Dii<br><br>
c)Aiv, B iii,Ci ,Dii<br><br>
d)Aiii, Biv, Ci, Dii</td>
<td>1</td>
</tr>
<tr>
<td>14.</td>
<td>Mr Gun Amroha, the General Manager of Welworth Textiles scans the business environment and adapts the organisation to the changes taking place in different dimensions of the business environment. However, it is still difficult for him to accurately assess the future trends. Identify the limitation of planning related to the above.<br><br>
a) Planning leads to rigidity.<br><br>
b) Planning may not work in a dynamic environment.</td>
<td>1</td>
</tr>
</table>

| | | |
|---|---|---|
| | c) Planning does not guarantee success.<br>d) Planning reduces creativity. | |
| 15. | Name the step in the staffing process which enables the organizations to offer opportunities for career advancement to their employees by facilitating learning, thereby helping the organisations to not only attract but also retain its talented people in the organisation.<br>a. Placement and Orientation<br>b. Recruitment<br>c. Training and Development<br>d. Performance Appraisal | 1 |
| 16. | 'Game of Clones', a reputed amusement company has decided to run an advertising campaign for which it is hiring various celebrities. The campaign involves an expenditure of ₹ 150 Crores. Identify the financial decision involved in the above case.<br>a. Long term investment decision<br>b. Financing decision<br>c. Working capital decision<br>d. Dividend decision | 1 |
| 17. | Arth Nivesh Limited has a high fixed operating cost. The Finance Manager informs the Chief Finance Officer that, in case the company decides to take a loan, for its future financial needs, its fixed financial cost will also increase leading to an overall increase in cost. Identify the factor affecting choice of capital structure discussed above.<br>a) Cost of debt | 1 |

| | | |
|---|---|---|
| | b) Floatation cost<br>c) Risk consideration<br>d) Control | |
| 18. | The Finance Manager of Elle Pharma Limited, Mr Ashish Manjrekar wants to raise funds through debt or equity to the extent of ₹2 crores. For this purpose, he approaches a well regulated financial market that facilitates the mobilisation of long term capital for companies. Identify the market where Mr Ashish Manjrekar can raise the funds.<br>a) Money market<br>b) Secondary market<br>c) Capital market<br>d) Wholesale debt market | 1 |
| 19. | 'Companies are required to ensure that the dividend does not violate the terms of loan agreement.' Identify the relevant factor affecting dividend decisions being discussed above.<br>a) Access to capital market<br>b) Legal constraints<br>c) Stock market reaction<br>d) Contractual constraints | 1 |

| | | |
|---|---|---|
| 20. | **Read the following statements carefully:**<br><br>Statement I- The objective of financial management is to maximize the wealth of directors of the company<br><br>Statement II- The financing decision of the company is unaffected by the extent of retained earnings.<br><br>**In the light of given statements , choose the correct alternative from the following:**<br><br>**(a)**Both the statements are true.<br><br>**(b)** Both the statements are false.<br><br>**(c)** Statement I is true, Statement II is false.<br><br>(d) Statement II is true, Statement I is false. | 1 |
| 21. | A) State any three points of significance of decentralization.<br><br>OR<br><br>B) State any three limitations of formal organisation. | 3 |
| 22. | Anabel Creations, an apparel designing company has a huge pile of young men's and women's garments to be sold across its branches in various cities. In order to clear the stock, the company has decided to give a heavy discount on its garments, with a view to lure the buyers. It is also visiting various colleges for sponsoring fashion shows in order to push its sales. However ,the garments are not liked by the customers as they have not been made as per their needs and preferences.<br><br>a) Identify and state the Marketing Management philosophy being followed by Anabel Creations.<br><br>b) Name and state any two other philosophies of Marketing apart from the one identified in part a. | 3 |
| 23. | A) Give any three points of distinction between the money market and capital market.<br><br>OR<br><br>B) Give any three protective functions performed by Securities and Exchange Board of India. | 3 |

| | | |
|---|---|---|
| 24. | Muralidhar Parekh started textile printing business in Gujarat in the year 2022 by using practices like eco-friendly dyeing and printing processes in order to ensure environmental sustainability. Soon the business started flourishing. For the financial year 2024-25, Muralidhar formulated the organisational goal of increasing sales by 10% and framed strategies for their achievement. Since his job was complex and stressful, he appointed subordinates to carry out the main task of implementing and controlling the plans and strategies made by him.<br><br>Identify the level at which the necessary workforce was appointed for implementing and controlling the plans and strategies made by Muralidhar Parekh. What will they need to do to carry out this main task? State any two points. | 3 |
| 25. | A) Explain the following functions of Marketing:<br>a. Customer support services<br>b. Packaging and labelling<br>OR<br>B) Explain two features of the following:<br>a. Personal selling<br>b. Advertising | 4 |
| 26. | A) Explain why planning is considered as<br>a) pervasive<br>b) futuristic function of management.<br>OR<br>B) Explain the following as a type of plans :<br>a) strategy<br>b) procedure | 4 |

| | | |
|---|---|---|
| 27. | The Marketing Research Manager of 'Trendy Textiles' has been assigned the task of analysing the influence of Generation Z on fashion trends. On studying the forces that affect business, he observed that increased awareness amongst Generation Z, with respect to, environmental protection, preference of individuality over trends, rejection of traditional norms in clothing, greater use of social media have increased the demand for sustainable and innovative styles in clothing, 'Do It Yourself' (DIY) products, promotion of products on various social media platforms by companies.<br><br>a) In context of the above case, identify and explain the feature of the business environment highlighted above.<br><br>b) Explain any two features of the business environment, apart from the one identified in part a). | 4 |
| 28. | 'A good control system helps the organisation in various ways'. State any four points to support the statement. | 4 |
| 29. | The Factory Manager of Manik Steel Plant, Mussadi Lal was in dilemma over workers shirking work. It was becoming difficult for him to identify the workers who sometimes faked illness to skip work and on various other times, intentionally wasted time, which led to underutilisation of resources. The job of the workers was complex and intricate. He discussed the problem with one of his retired friends, Kantilal, who suggested him to appoint eight supervisors who would be specialists in their own fields and would be assigned work according to his/her qualities. Identify and explain the technique of scientific management discussed above. | 4 |
| 30. | PP Motors is a reputed automobile company known for manufacturing high performance four wheelers. The company plans to hire eight new engineers. Akhilesh Banerjee, the Human Resource Manager has eliminated unfit job seekers based on the information supplied in the | 4 |

| | | |
|---|---|---|
| | application forms, conducted various tests and interviews and verified the information of the applicants.<br><br>Identify and explain the remaining steps that Mr Banerjee must undertake in order to ensure that the organisation gets the best among the available, from the pool of prospective job candidates. | |
| 31. | Satya Prakash has been successfully running a dry fruit wholesale business in Rajasthan for the past five years. He makes sufficient investments in current assets in order to facilitate smooth day-to-day operations of the business. The company has recently sold dry fruits worth ₹ 50 lakhs to one of its corporate customers, 'Deshmukh Pure Grains' on a strict credit policy. Satya Prakash then immediately placed an additional order for replenishment of stock. However, he received the dry fruits from his supplier after a large time lag.<br><br>a) State the concept of Financial Management discussed above.<br><br>b) Briefly explain the factors highlighted above that will affect the requirement of the concept identified in part a). | 6 |
| 32. | Mr Pankaj Kumar is working as the Human Resource Manager in Alankaar Fabrics Limited heading a team of fifteen people in his department. He has played a key role in the success of his organisation by maintaining good interpersonal relations with his subordinates and influencing their behaviour. The subordinates willingly cooperate with him and his working style to increase the output of the organisation.<br><br>a) Identify and explain the element involved in one of the functions of management discussed in the above case.<br><br>b)State any four features of the element identified in part a). | 6 |

| | | |
|---|---|---|
| 33. | Malini and Shalini recently completed their web designing course from a reputed University in Mumbai. Malini opened her own website development company ' Rapid Software Private Limited' .In order to ensure a smooth flow of communication and better control over the operations of her business, she divided the entire work of a company into four departments i.e web designing, accounting, research and development and customer service. All departments are required to report to a coordinating head. The company became successful in the market as all operations were carried out with a high degree of specialisation.<br><br>Shalini joined a big group named Babylon.com,Inc. which offered a variety of services like Babylon Web Services, Babylon Prime, Babylon Retail. She was appointed as the head of Babylon Web Services division and was made responsible for the profit or loss of her service division.She was happy to take the responsibility as the division would function as an autonomous unit, thus enabling her to make faster decisions.<br><br>(a). Identify the types of the framework within which managerial and operating tasks are performed, in the organisations, of which, Malini and Shalini were a part of.<br><br>(b). Give any four differences between the frameworks identified above. | 6 |
| 34. | A) State any six reliefs available to a consumer under Consumer Protection Act, 2019.<br><br>OR<br><br>B) State the rights available under Consumer Protection Act, 2019 for the protection and promotion of interest of consumers. | 6 |

| | **BUSINESS STUDIES (054)<br>CLASS XII (2025-26)<br>MARKING SCHEME** | **Marks** |
|---|---|---|
| 1 | b) Management is a continuous process | 1 |
| 2 | d) Formed by practice and experimentation | 1 |
| 3 | d) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion. | 1 |
| 4 | d) Statement II is true, Statement I is false | 1 |
| 5 | c) Time based pay plus incentives | 1 |
| 6 | d) 2,3,4 | 1 |
| 7 | c) product | 1 |
| 8 | b) Deviations should be analysed to find out the causes. | 1 |
| 9 | c) Such employees are not likely to be good employees as their background is not sufficiently known. | 1 |
| 10 | b) iii,ii,vii,i,iv,v,vi | 1 |
| 11 | c) Depository is like a bank and keeps securities in electronic form on behalf of investors. | 1 |
| 12 | b) Customer value | 1 |

| | | |
|---|---|---|
| 13 | c) Aiv, B iii,Ci ,Dii | 1 |
| 14 | b) Planning does not work in a dynamic environment. | 1 |
| 15 | c) Training and development | 1 |
| 16 | a) Long term investment decision | 1 |
| 17 | c) Risk consideration | 1 |
| 18 | c) Capital Market | 1 |
| 19 | d) Contractual constraints | 1 |
| 20 | b) Both the statements are false. | 1 |

| | | |
|---|---|---|
| 21 | A) (i) Develops initiative among subordinates: Decentralisation Helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to make their own decisions they learn to depend on their own judgement.<br>(ii) Develops managerial talent for the future: Decentralisation gives them a chance to prove their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions.<br>(iii) Quick decision making: In a decentralised organisation,since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster. There are also less chances of information getting distorted because it doesn't have to go through long channels.<br>(iv) Relief to top management:Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior.Decentralisation also leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions<br>(v) Facilitates growth: Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. With each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.<br>(vi) Better control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually accountable for their results.<br>OR<br>B) (a) The formal communication may lead to procedural delays as the established chain of command has to be followed which increases the time taken for decision making.<br>(b) Poor organisational practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down policies.<br>(c) It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work. Hence, the formal organisation does not provide a complete picture of how an organisation works. | 1X3=3<br><br>any 3<br><br>1×3=3 |

| | | |
|---|---|---|
| 22 | a) The Marketing Management philosophy followed by Anabel Creation is the Selling concept..<br><br>This business philosophy assumes that the customers would not buy, or not buy enough, unless they are adequately convinced and motivated to do so.Therefore, firms must undertake aggressive selling and promotional efforts to make customers buy their products. The use of promotional techniques such as advertising, personal selling and sales promotion are considered essential for selling of products.<br><br>b)The Production Concept- The focus of business activities is on production of goods. It is believed that profits can be maximised by producing at large scale, thereby reducing the average cost of production.Consumers would favour those products which are widely available at an affordable price. Thus, availability and affordability of the products are considered to be the key to the success of a firm.<br><br>The Product Concept- products. The focus of business activity is on bringing continuous improvement in the quality, incorporating new features etc. Thus, product improvement became the key to profit maximisation of a firm, under the concept of product orientation.<br><br>The Marketing Concept- It assumes that in the long run an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way. All the decisions in a firm are taken from the point of view of the customers.Customer's satisfaction becomes the focal point of all decision making in the organisation.<br><br>The Societal Marketing Concept- The business orientation should not be short-sighted to serve only consumers' needs. It should also consider large issues of long-term social welfare.The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long-term well-being of the consumers and the society is taken care of. | 1+2=3<br><br>(any 2) |

| | | |
|---|---|---|
| 23 | (i) Participants: The participants in the capital market are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public. Participation in the money market is by and large undertaken by institutional participants such as the RBI, banks, financial institutions and finance companies.<br><br>(ii) Instruments: The main instruments traded in the capital market are – equity shares, debentures, bonds, preference shares etc. The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills reports, commercial paper and certificates of deposit.<br><br>(iii) Investment Outlay: Investment in the capital market i.e. securities does not necessarily require a huge financial outlay. The value of units of securities is generally low i.e. Rs 10, Rs 100 and so is the case with a minimum trading lot of shares which is kept small i.e. 5, 50, 100 or so. This helps individuals with small savings to subscribe to these securities. In the money market, transactions entail huge sums of money as the instruments are quite expensive.<br><br>(iv) Duration: The capital market deals in medium and long term securities such as equity shares and debentures. Money market instruments have a maximum tenure of one year, and may even be issued for a single day.<br><br>(v) Liquidity: Capital market securities are considered liquid investments because they are marketable on the stock exchanges. However, a share may not be actively traded, i.e. it may not easily find a buyer. Money market instruments on the other hand, enjoy a higher degree of liquidity as there is formal arrangement for this. The Discount Finance House of India (DFHI) has been established for the specific objective of providing a ready market for money market instruments.<br><br>(vi) Safety: Capital market instruments are riskier both with respect to returns and principal repayment. But the money market is generally much safer with a minimum risk of default. This is due to the shorter duration of investing and also to financial soundness of the issuers, which primarily are the government, banks and highly rated companies.<br><br>(vii) Expected return: The investment in capital markets generally yield a higher return for investors than the money markets. The possibility of earnings is higher if the securities are held for a longer duration.<br><br>OR<br><br>B)Protective functions performed by Securities and Exchange Board of India: | 1X3=3<br><br>(Any3)<br><br>1×3=3<br><br>Any 3 |

| | | |
|---|---|---|
| | 1. Prohibition of fraudulent and unfair trade practices like making mis- leading statements, manipulations, price rigging etc.<br><br>2. Controlling insider trading and imposing penalties for such practices.<br><br>3. Undertaking steps for investor protection.<br><br>4. Promotion of fair practices and code of conduct in the securities market. | |
| 24 | The level at which necessary workforce would be appointed for implementing and controlling the plans and strategies is Middle Level. He is required to do the following to carry out the main task at the Middle Level :( any two)<br><br>(i) interpret the policies framed by top management,<br><br>(ii) ensure that their department has the necessary personnel,<br><br>(iii) assign necessary duties and responsibilities to them,<br><br>(iv) motivate them to achieve desired objectives<br><br>(v) co- operate with other departments for smooth functioning of the organisation. At the same time they are responsible for all the activities of first line managers. | a)1 mark for identification<br><br>b)1x2=2<br><br>(Any2) |

| | | |
|---|---|---|
| 25 | A) a) Customer support services- Customer support services such as after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information aim at providing maximum satisfaction to the customers, which is the key to marketing success. They are very effective in bringing repeat sales from the customers and developing brand loyalty for a product.<br><br>b) Packaging refers to designing and developing the package for the products. Labelling refers to designing and developing the label to be put on the package. The label may vary from a simple tag to complex graphics. Packaging and labelling have become so important in modern day marketing that these are considered as the pillars of marketing. Packaging is important not only for protection of the products but also serves as a promotional tool.<br><br>OR<br><br>B) a) Personal selling- Features<br><br>(i) Personal Form: In personal selling a direct face-to-face dialogue takes place that involves an interactive relationship between the seller and the buyer.<br><br>(ii) Development of Relationship:<br><br>Personal selling allows a salesperson to develop personal relationships with the prospective customers, which may become important in making sales.<br><br>b) Advertising-<br><br>Features (any two)<br><br>(i) Paid Form: Advertising is a paid form of communication. That is, the sponsor has to bear the cost of communicating with the prospects.<br><br>(ii) Impersonality: There is no direct face-to-face contact between the prospect and the advertiser. It is therefore referred to as an impersonal method of promotion. Advertising creates a monologue and not a dialogue.<br><br>(iii) Identified Sponsor: Advertising is undertaken by some identified individual or company, who makes the advertising efforts and also bears the cost of it. | 2×2=4<br><br>2×2=4 |

| | | |
|---|---|---|
| 26 | A)a) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done.<br>b) Planning is futuristic: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it.Through forecasting, future events and conditions are anticipated and plans are drawn accordingly.<br>OR<br>B) a) Strategy<br>A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organization's direction and scope in the long run. A strategy is a comprehensive plan for accomplishing an organisation<br>objectives. This comprehensive plan will include three dimensions,<br>(i) determining long term objectives, (ii) adopting a particular course of action, and (iii) allocating resources necessary to achieve the objective. Whenever a strategy is formulated, the business environment needs to be taken into consideration.<br>b) Procedure<br>Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. They are specified in a chronological order.Procedures are specified steps to be followed in particular circumstances. They are generally meant for insiders to follow. | 2X2 =4<br><br>2×2=4 |

| | | |
|---|---|---|
| 27 | a) The feature of the business environment highlighted is Inter relatedness. Different elements or parts of the business environment are closely inter- related. For example, increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services like soft drinks, fat-free cooking oil, and health resorts. New health products and services have, in turn, changed people's lifestyles.<br><br>b) Any two other features :<br><br>(i) Totality of external forces:<br><br>Business environment is the sum total of all things external to business firms and, as such, is aggregative in nature.<br><br>(ii) Specific and general forces: Business environment includes both specific and general forces. Specific forces (such as investors,customers, competitors and suppliers) affect individual enterprises directly and immediately in their day-to-day working. General forces (such as social, political, legal and technological conditions) have an impact on all business enterprises and thus may affect an individual firm indirectly.<br><br>(iii) Relativity: Business environment is a relative concept since it differs from country to country and even region to region. Political conditions in the USA, for instance, differ from those in China or Pakistan. Similarly, demand for sarees may be fairly high in India whereas it may be almost non-existent in France.<br><br>(iv) Dynamic nature: Business environment is dynamic in that it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.<br><br>(v) Uncertainty: Business environment is largely uncertain as it is very difficult to predict future happenings, especially when environment changes are taking place too frequently as in the case of information technology or fashion industries.<br><br>(vi) Complexity: Since a business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment. It is a complex phenomenon that is relatively easier to understand in parts but difficult to grasp in its totality. | a) 1 mark for identification +1 mark for stating<br><br>+<br><br>b)1 mark each for explanation<br><br>Any 2 |

| | | |
|---|---|---|
| 28 | A good control system helps the organisation in the following ways:<br><br>(i) Accomplishing organisational goals: The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organisation and keeps it on the right track sothat organisational goals might be achieved.<br><br>(ii) Judging accuracy of standards: A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes.<br><br>(iii) Making efficient use of resources: By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.<br><br>(iv) Improving employee motivation:A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.<br><br>(v) Ensuring order and discipline: Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.<br><br>(vi) Facilitating coordination in action: Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee is governed by pre-determined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished. | 1x4=4<br><br>(Any4) |

| | | |
|---|---|---|
| 29 | Functional Foremanship: Taylor advocates separation of planning and execution functions. This concept is extended to the lowest level of the shop floor. Under the factory manager there is a planning incharge and a production incharge. Under planning incharge four personnel namely instruction card clerk, route clerk, time and cost clerk and a disciplinarian work. These four personnel would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively. Under Production incharge, personnel who work are speed boss, gang boss, repair boss, and inspector. These respectively are responsible for timely and accurate completion of jobs, keeping machines and tools etc., ready for operation by workers, ensure proper working condition of machines and tools and check the quality of work.Each worker has to take orders from these eight foremen. | 1+3=4 |

| | | |
|---|---|---|
| 30 | The remaining steps in selection process are:<br><br>(i)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.<br><br>(ii) 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.<br><br>(iii) Job Offer: The next step in the selection process is job offer to those applicants who have passed all the previous hurdles. Job offer is made through a letter of appointment/confirm his acceptance. The appointee must be given reasonable time for reporting.<br><br>(iv)Contract of Employment: After the job offer has been made and the candidate accepts the offer, certain documents need to be executed by the employer and the candidate like the attestation form. This form contains certain vital details about the candidate, which are authenticated and attested by him or her. Attestation form will be a valid record for future reference. Basic information that should be included in a written contract of employment are: Job Title, Duties, Responsibilities, Date when continuous employment starts and the basis for calculating service, rates of pay, allowances, hours of work, leave rules, sickness, grievance procedure, disciplinary procedure, work rules, termination of employment. | 1x4=4 |

| | | |
|---|---|---|
| 31 | a)The concept of Financial Management discussed is Working Capital Decision.<br><br>Working capital decisions are concerned with the decisions about the levels of cash, inventory and receivables. These decisions affect the day-to-day working of a business.<br><br>b) The factors that will affect the choice of Working capital are:<br><br>1.Credit Allowed: Different firms allow different credit terms to their customers. These depend upon the level of competition that a firm faces as well as the credit worthiness of their clientele. A liberal credit policy results in a higher amount of debtors, increasing the requirement of working capital.<br><br>2. Availability of Raw Material: if the raw materials and other required materials are available freely and continuously, lower stock levels may suffice. The time lag between the placement of order and the actual receipt of the materials (also called lead time) is also relevant. Larger the lead time, larger the quantity of material to be stored and larger shall be the amount of working capital required. | a)1 mark for identification+1 mark for stating<br><br>+<br><br>b)2x2=4<br><br>=6 |

<table>
<tr>
<td>32</td>
<td>a) Leadership- Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.<br><br>b) Any four features:<br><br>(i) Leadership indicates the ability of an individual to influence others.<br><br>(ii) Leadership tries to bring change in the behaviour of others.<br><br>(iii)Leadership indicates interpersonal relations between leaders and followers.<br><br>(iv) Leadership is exercised to achieve common goals of the organisation.<br><br>(v) Leadership is a continuous process.</td>
<td>(1+1=2)<br><br>+<br><br>(1x4=4)<br><br>=6</td>
</tr>
<tr>
<td>33</td>
<td>a) The types of framework highlighted are Functional Structure and Divisional Structure.<br><br>a. Distinction between Functional Structure and Divisional Structure:<br><br>(any four)<br><br>
<table>
<tr><td>Basis</td><td>Functional Structure</td><td>Divisional Structure</td></tr>
<tr><td>Formation</td><td>Formation is based on functions</td><td>Formation is based on product lines and is supported by functions.</td></tr>
<tr><td>Specialisation</td><td>Functional specialisation.</td><td>Product specialisation.</td></tr>
<tr><td>Responsibility</td><td>Difficult to fix on a department.</td><td>Easy to fix responsibility for performance.</td></tr>
<tr><td>Managerial Development</td><td>Difficult, as each functional manager has to report to the top management</td><td>Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.</td></tr>
</table>
</td>
<td>(1+1=2)<br><br>+<br><br>(1x4=4)<br><br>=6</td>
</tr>
</table>

| | | | |
|---|---|---|---|
| Cost | Functions are not duplicated hence economical. | Duplication of resources in various departments, hence costly. | |
| Coordination | Difficult for a multi-product company. | Easy, because all functions related to a particular product are integrated in one department. | 1X6=6 |

34. A) Reliefs available to a consumer under Consumer Protection Act, 2019(any six):

(i) To remove the defect in goods or deficiency in service.

(ii) To replace the defective product with a new one, free from any defect.

(iii) To refund the price paid for the product, or the charges paid for

the service. 1x6=6

(iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.

(v) To pay punitive damages in appropriate circumstances.

(vi) To discontinue the unfair/ restrictive trade practice and not

to repeat it in the future.

(vii) Not to offer hazardous goods for sale.

(viii) To withdraw the hazardous goods from sale.

(ix) To cease manufacture of hazardous goods and to desist from offering hazardous services.

(x) To pay any amount (not less than 5% of the value of the defective

goods or deficient services provided), to be credited to the

Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner.

| | | |
|---|---|---|
| | (xi) To issue corrective advertisement to neutralise the effect of a misleading advertisement.<br><br>(xii) To pay adequate costs to the appropriate party.<br><br>OR<br><br>B)1. Right to Safety: The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.<br><br>2. Right to be Informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.<br><br>3. Right to Choose: The consumer has the freedom to choose from a variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.<br><br>4. Right to be Heard: The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. Many consumer organisations are also working towards this direction and helping consumers in redressal of their grievances.<br><br>5. Right to seek Redressal: The consumer has a right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.<br><br>6. Right to Consumer Education: The consumer has a right to acquire knowledge and to be a well informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service. | 1x6=6 |

**BUSINESS STUDIES (054)**

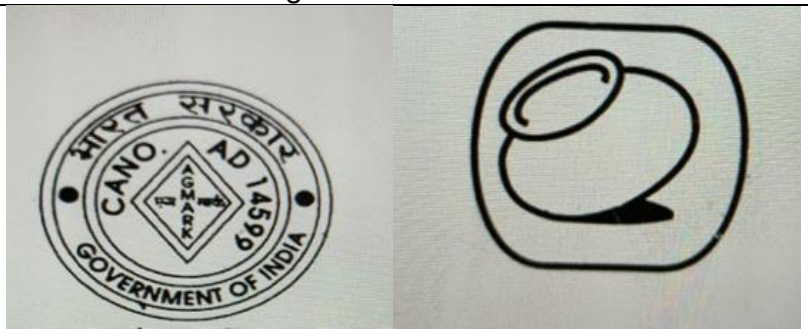
**CLASS XII (2024-25)**

**SAMPLE QUESTION PAPER**

**TIME: 3 HOURS** **M.M. – 80**

- This question paper contains 34 questions.
- Marks are indicated against each question.
- Answers should be brief and to the point.
- Answers to the questions carrying 3 marks may be from 50 to 75 words.
- Answers to the questions carrying 4 marks may be about 150 words.
- Answers to the questions carrying 6 marks may be about 200 words.

| Q.NO. | QUESTION | MARKS |
|---|---|---|
| 1. | The newly appointed Production Manager of Saheb Ltd., a firm manufacturing toys, Mr Ahrawat noticed that the workers in the factory were not giving their best as the physical conditions in the factory were not good. He conducted an experiment to see the effect of improvement in the physical conditions in the factory on the performance of the workers, by providing adequate ventilation and water facilities. He observed that the fatigue level of the workers reduced.<br>The nature of management being highlighted in the above case is:<br>A. Management as science<br>B. Management as profession<br>C. Management as art<br>D. Both A. and C. | 1 |
| 2. | Jasmine Ahluwalia is the manager of an artefacts museum's marketing team, responsible for promoting exhibitions and events. In the previous season, she defined the total work of managing the events into graphic designing, registration inquiries, bill payments, etc, in order to facilitate specialisation. However, instead of allocating work, she had assigned each team member the full responsibility of managing the promotion of an entire event. Inspite of holding regular team meetings to take feedback, Jasmine found problems throughout the events season in the quality of graphic design, registration inquiry, bill payments, etc,.<br>For the upcoming events season, Jasmine has decided to divide these responsibilities on the basis of her observation of the areas in which the individual team members have excelled in the previous season and allocate the roles based on their skills and competencies.<br>Identify the step in the organising process which was not properly performed in the previous season but has been duly performed for the upcoming season.<br>A. Identification and division of work<br>B. Establishing reporting relationships<br>C. Departmentalisation<br>D. Assignment of duties | 1 |
| 3. | Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: | 1 |

| | | |
|---|---|---|
| | **Assertion(A):** Financial Planning aims at enabling the company to tackle the uncertainty in respect of the availability and timing of the funds.<br>**Reason(R):** Capital structure refers to the mix between owners' and borrowed funds<br>Alternatives :<br>A. Both Assertion (A) is false and Reason (R) are true.<br>B. Both Assertion (A) and Reason (R) are false.<br>C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.<br>D. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion. | |
| 4. | Read the following statements carefully:<br>**Statement I:** Secondary Market directly promotes capital formation.<br>**Statement II:** Capital market deals in medium and long term securities such as equity shares and debentures.<br>In the light of given statements, choose the correct alternative from the following:<br>A. Both the statements are true.<br>B. Both the statements are false.<br>C. Statement I is true, Statement II is false.<br>D. Statement II is true, Statement I is false. | 1 |
| 5. | Choose the statement that correctly highlights the benefit of using external sources of recruitment.<br>A. Competitive spirit among the existing staff<br>B. Reduction in employees turnover<br>C. Helps in increasing employees satisfaction<br>D. Develops a sense of security amongst employees | 1 |
| 6. | Goodwill Enterprises is a large-scale automobile manufacturer, who fulfills the needs of both industrial users and consumers. The company is providing easy finance facilities at a low rate of interest, which has considerably increased the demand for the product. The company has installed a new branch management software to efficiently manage and coordinate activities across their multiple branches and locations.<br>Identify the components of the business environment from the above case study.<br>A. Political and economic environment<br>B. Economic and social environment<br>C. Technological and legal environment<br>D. Economic and technological environment | 1 |
| 7. |  | 1 |

| | | |
|---|---|---|
| | Identify the responsibility that a consumer fulfills when he looks for the quality marks given above:<br>A. Assert yourself to ensure that you get a fair deal<br>B. Getting a proper receipt<br>C. Buy only standardised products<br>D. Be honest in your dealings<br><br>**For Visually Impaired Candidates:**<br>When a consumer looks for FPO mark while purchasing a bottle of jam or hallmark when purchasing jewellery, which consumer responsibility has he kept in mind:<br>A. Assert yourself to ensure that you get a fair deal<br>B. Getting a proper receipt<br>C. Buy only standardised products<br>D. Be honest in your dealings | 1 |
| 8. | Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:<br>**ASSERTION (A):** Controlling can prevent deviations.<br>**REASON (R):** Controlling helps in minimising deviations by taking actions and decisions that reduce their recurrence.<br>A. Both Assertion (A) and Reason (R) are true and Reason is the correct explanation of Assertion.<br>B. Both Assertion(A) and Reason (R) are true and Reason is not the correct explanation of Assertion.<br>C. Assertion (A) is true, Reason (R) is false.<br>D. Assertion(A) is false, Reason(R) is true. | 1 |
| 9. | 'Joining a job marks the beginning of socialisation of employees at the workplace. The employee should be given a post for which he has been selected.'<br>Place the subsequent steps of staffing in a small organisation in the correct order:<br>A. Training and development, promotion and career planning, performance appraisal, compensation<br>B. Performance appraisal, training and development, promotion and career planning, compensation<br>C. Training and development, performance appraisal, promotion and career planning, compensation<br>D. Training and development, performance appraisal, compensation, promotion and career planning | 1 |
| 10. | Spiceworks, a company providing financial services to its clients is keeping a close check on the employee's activities by using biometric and retina scanning as modes of accessing the office premises, in order to ensure greater security of information in the organisation.<br>Choose the correct point of significance of controlling highlighted above:<br>A. controlling helps in achievement of organisational goals<br>B. controlling helps in ensuring order and discipline<br>C. controlling helps in improving employees motivation<br>D. controlling enables optimum utilisation of resources | 1 |

<table>
<tr><td>11.</td><td>Identify the incorrect statement with respect to ‘Investment decision’:<br>A. Net working capital refers to excess of current assets over current liabilities<br>B. Current assets are those assets which get converted into cash within one year<br>C. Capital budgeting decisions are irreversible.<br>D. Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions.</td><td>1</td></tr>
<tr><td>12.</td><td>State Commission has the jurisdiction to entertain complaints where value of goods and services paid as consideration is _____<br>A. More than ₹1 crore and not more than ₹ 5 crore<br>B. More than ₹10 crore<br>C. Less than ₹1 crore<br>D. More than ₹1 crore and not more than ₹10 crore</td><td>1</td></tr>
<tr><td>13.</td><td>Match the statements given in column I with the characteristic of business environment given in column II
<table>
<tr><th></th><th>COLUMN I</th><th></th><th>COLUMN II</th></tr>
<tr><td>(a)</td><td>Increased demand of Khakhra and Thepla in the region of Gujarat as compared to Delhi region</td><td>i.</td><td>Uncertainty</td></tr>
<tr><td>(b)</td><td>Digital academic certificates are issued to students accessible in a secured manner to eliminate undesirable practices like corruption and manipulation of records under Digital India Initiative. Such technological improvements are happening at a very fast pace.</td><td>ii.</td><td>Dynamic</td></tr>
<tr><td>(c)</td><td>Fashion market is facing both opportunities and challenges. Therefore it is difficult to predict the future of the fashion market.</td><td>Iii.</td><td>Relativity</td></tr>
<tr><td>(d)</td><td>A new government will result in changing government rules, fiscal policies, market conditions etc</td><td>Iv.</td><td>Interrelatedness</td></tr>
</table>
Choose the correct option from the following:<br>A. (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv)<br>B. (a)-(ii), (b)-(i), (c)-(iii), (d)-(iv)<br>C. (a)-(iv), (b)-(ii), (c)-(i), (d)-(iii)<br>D. (a)-(iii), (b)-(i), (c)-(ii), (d)-(iv)</td><td>1</td></tr>
<tr><td>14.</td><td>The process of classification of products into different groups, on the basis of some of the important characteristics such as quality, size, etc. is known as:<br>A. Branding<br>B. Standardisation<br>C. Grading<br>D. Marketing planning</td><td>1</td></tr>
</table>

| | | |
|---|---|---|
| 15. | Shiwakumar runs a legal consultancy firm in Chhattisgarh. Whenever the firm hires new employees, on the first day of joining, they are welcomed to the organisation and are given details about the dress code, lunch timings, introduction to daily operations and fellow colleagues. They are also familiarised with the organisational policies and procedures, emergency exits, evacuation procedure, etc.<br>Name the type of training which is provided by Shiwakumar in his firm.<br>A. Apprenticeship training<br>B. Vestibule training<br>C. Induction training<br>D. Internship training | 1 |
| 16. | Identify the incorrect statement with respect to Consumer Protection in India.<br>A. It not only includes educating consumers about their rights and responsibilities but also helps in getting their grievances redressed<br>B. It not only requires a judicial machinery for protecting the interest of consumers but also requires the consumers to get together and form themselves into Consumer associations for protection and promotion of their interests.<br>C. It is the moral duty of any business to take care of consumers' interest and avoid any form of exploitation.<br>D. The provisions of Consumer Protection Act came into force from 1981. | 1 |
| 17. | Identify the decision which is not taken under financial management.<br>A. Dividend Decision<br>B. Capital Budgeting Decision<br>C. Pricing Decision<br>D. Both B. and C. | 1 |
| 18. | What are the factors that affect financing decisions?<br>(a) Cash flow position of the company<br>(b) Stability of earnings<br>(c) Degree of financial risk<br>(d) Contractual constraints<br>(e) State of capital market<br>(f) Level of competition<br>Choose the correct alternative from the following:<br>A. (b), (c) and (f)<br>B. (d), (e) and (f)<br>C. (a), (c) and (d)<br>D. (a), (c) and (e) | 1 |
| 19. | Consumers can ask anything regarding the date of manufacturing, MRP, etc, about the product that he intend to buy.<br>Identify the consumer right highlighted in the above lines.<br>A. Right to be informed<br>B. Right to be assured<br>C. Right to be heard<br>D. Right to safety | 1 |
| 20. | Read the following statements carefully:<br>**Statement I:** Cost of debt is lower than cost of equity for a company. | 1 |

| | | |
|---|---|---|
| | **Statement II:** The objective of financial management is to increase shareholder's wealth.<br>In the light of given statements, choose the correct alternative from the following:<br>A. Both the statements are true.<br>B. Both the statements are false.<br>C. Statement I is true, Statement II is false.<br>D. Statement II is true, Statement I is false. | |
| 21.(A) | State the meaning of single use plans and standing plans<br>**OR** | 3 |
| 21.(B) | State how planning<br>(I) reduces creativity<br>(II) leads to rigidity. | <br>1 ½<br>1 ½ |
| 22. (A) | Explain the concept of leadership. Give two situations in which autocratic leadership style is most effective.<br>**OR** | 3 |
| 22. (B) | Explain the concept of communication. Give the meaning of formal and informal communication. | 3 |
| 23. | From the following information regarding Aditya Ltd. which is in the business of manufacturing green tea, calculate the Return on Investment and Interest Coverage Ratio of the company: (Show working)<br>Earning before interest and tax ₹ 15,00,000<br>10% debentures ₹ 12,00,000<br>Equity Share Capital (₹10 each) ₹ 18,00,000<br>Tax Rate 40% | 3 |
| 24. | Mr Vivek Vaswani, a foodpreneur combined his passion for food with his entrepreneurial skills and started his innovative fast food outlet OH CHILLI! in 2021. He had started his career as a food blogger and had noticed that numerous Indian consumers were looking for reasonable and pure vegetarian fast food options for dining out. The high end restaurants were not opted by many as they were exorbitantly priced. Though many global fast food chains were running across the country, yet not many outlets offered reasonable and healthy pure vegetarian fast food options to consumers. OH CHILLI! became a pioneer in offering a healthy and delicious variety of food.<br>What came as a surprise for consumers was that even without using onion or garlic in the pasta sauce, marinade and ketchup ,the food could actually taste great. The company witnessed an increase in net profit of 26% in its second financial year and became a market leader.<br>(I) State the concept of business environment.<br>(II) Identify and explain in what way, a good understanding of business environment enabled Mr. Vivek Vaswani to improve the performance of the enterprise. | <br><br><br><br><br><br><br><br><br><br>1<br>2 |
| 25. | The General manager of a reputed organisation, Mr. Agastaya Lokhande, made the following announcement at the Annual General Meeting of the company- "When we think of a brand, we think of reputation, but the reputation is made or broken by the quality of products and customer representation. If people are miserable, they can't give their best work and the brand suffers. On | |

| | | |
|---|---|---|
| | the contrary, positive results can be observed if there is job satisfaction, effective and efficient functioning."<br>(I) Identify and explain the feature of management discussed by Mr Agastaya in his announcement.<br>(II) Explain any three reasons that make management important to any organisation. | <br>1<br><br>3 |
| 26. (A) | In order to streamline the selection procedure, so as to minimise the margin of errors, certain tests are carried out that attempt to measure the characteristics of individuals. Explain any four such tests.<br>**OR** | 4 |
| 26. (B) | Since jobs have become more complex, the importance of employee training has increased. Training programmes provide numerous benefits to workers. Explain any four points that support this statement. | 4 |
| 27. | When Bhaanupriya joined as technical head of Logic Lotus Innovators, she was keen on increasing the productivity and profitability of the company. However, she observed that the employees were demotivated as no attention was given to their work. Also, the workers were given little freedom to make decisions.<br>Bhaanupriya decided to stimulate the employees by giving each worker T-shirts with their name on it. She also decided to include workers in work committees. This helped in improving the performance of the workers.<br>(I) On the basis of the understanding of Maslow's Need Hierarchy Theory of motivation, identify the human need that Bhaanupriya has recognised in order to make the subordinates act towards achievement of organisational goals.<br>(II) Identify and explain two incentives that have been provided by Bhanupriya to improve the performance of the employees. | <br><br><br><br><br><br>1<br><br>3 |
| 28. (A) | Explain how Planning and controlling are both backward looking, as well as forward looking functions.<br>**OR** | 4 |
| 28. (B) | The first step in the controlling process is setting up performance standards. Explain the subsequent two steps in the process of controlling. | 4 |
| 29. | When Chandrashekhar Shukla returned to India after completing a Certificate course in Food Quality Assurance and Quality Control from the Netherlands, he was convinced that he would fulfil his grandfather's dream of converting their 58 acre land into a fertile farm. He started by setting out specific goals and laid down related activities to be performed to achieve the goals. Soon he launched his own company 'Food and Agribusiness Solutions Private Limited'.<br>He sought to ensure that the future events effectively meet the best interest of the company. He prepared an annual statement for production and sales, based on sales forecasting. He noticed that the farmers grew only paddy due to which land remained idle for the subsequent 8 to 9 months of the year. He identified and assessed various alternatives through which farms could be utilised for the remaining months of the year.<br>Through his accurate vision, judgement and systematic thinking based on analysis of the facts, he presented a scheme to the farmers where both paddy and vegetables could be grown. | 4 |

| | | |
|---|---|---|
| | Identify and explain the features of one of the functions of Management highlighted above. | |
| 30. | Give any four points of difference between advertising and personal selling. | 4 |
| 31. | It was established by the Government of India on 12 April 1988 as an interim administrative body to promote orderly and healthy growth of the securities market and for investor protection. It was given statutory status in 1992 through an Act of Parliament.<br>(I) Identify the regulatory body which has been highlighted above.<br>(II) State the three objectives of the regulatory body identified in part (I).<br>(III) State any two functions that are performed for the development of the securities market by the regulatory body identified in part (I). | <br><br><br><br>1<br>3<br>2 |
| 32. (A) | Differentiate between functional structure and divisional structure on the basis of:<br>(I) Formation<br>(II) Specialisation<br>(III) Responsibility<br>(IV) Managerial development<br>(V) Cost<br>(VI) Coordination | 6 |
| | **OR** | |
| 32. (B) | 'Delegation helps a manager to extend his area of operations as without it, his activities would be restricted to only what he himself can do.'<br>In light of the above statement, explain how effective delegation helps the organisation in achieving objectives. | 6 |
| 33. | Leena has been appointed as the Operations Manager in a small trading company dealing in garments, with growing online sales. The company has recently rented space in a warehouse to store garments and mail out orders. In order to take over the responsibilities of order fulfilment, Leena promotes an associate, Kushagra to the post of Inventory and Order fulfilment Supervisor. Kushagra has been given the task to assess whether it is best to process orders as they come in or let them accumulate and then to process them in batches. He concludes that accumulating and then processing them in batches is the best way of fulfilling orders, in order to minimise cost and maximise customer satisfaction.<br>Through several readings Leena finds that the standard time taken from the placement of order to the delivery of garments for a batch of 100 pieces is 72 hours. This helped her to determine the labour cost.<br>On the basis of the understanding of concepts of scientific management, identify and explain the techniques used by Leena and Kushagra to improve the performance of the employees. | 6 |
| 34. (A) | Explain the four elements of marketing mix. | 6 |
| | **OR** | |
| 34. (B) | Explain any four factors affecting determination of the price of a product or service. | 6 |

**BUSINESS STUDIES (054)**

**Class XII (2024-25)**

**MARKING SCHEME**

| Q.NO. | ANSWER | MARKS |
|---|---|---|
| 1. | A. Management as science | 1 |
| 2. | D. Assignment of duties | 1 |
| 3. | C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion. | 1 |
| 4. | D. Statement II is true, Statement I is false | 1 |
| 5. | A. Competitive spirit among the existing staff | 1 |
| 6. | D. Economic and technological environment | 1 |
| 7. | C. Buy only standardised products<br>**For Visually Impaired Candidates:**<br>C. Buy only standardised products | 1<br><br>1 |
| 8. | D. Assertion (A) is false, Reason (R) is true | 1 |
| 9. | C. Training and development, performance appraisal, promotion and career planning, compensation | 1 |
| 10. | B. controlling helps in ensuring order and discipline | 1 |
| 11. | D. Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions. | 1 |
| 12. | D. More than ₹1 crore and not more than ₹10 crore | 1 |
| 13. | A. (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv) | 1 |
| 14. | C. Grading | 1 |
| 15. | C. Induction training | 1 |
| 16. | D. The provisions of the Consumer Protection Act came into force from 1981. | 1 |
| 17. | C. Pricing decision | 1 |
| 18. | D. (a), (c) and (e) | 1 |
| 19. | A. Right to be informed | 1 |
| 20. | A. Both the statements are true. | 1 |
| 21. (A) | **Single Use plans**- A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future, i.e., they are for non-recurring situations.The duration of this plan may depend upon the type of the project. It may span a week or a month or a day.<br>**Standing plans**-A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. Such a plan greatly enhances efficiency in routine decision-making. It is usually developed once but is modified from time to time to meet business needs as required. | 1 ½<br><br>1 ½ |
| | **OR** | |
| 21. (B) | **Planning reduces creativity-** Planning is an activity which is done by the top management. Usually the rest of the members just implement these | 1 ½ |

| | | |
|---|---|---|
| | plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own.Thus, planning in a way reduces creativity since people tend to think along the same lines as others.<br><br>**Planning leads to rigidity**-In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest. | 1 ½ |
| 22. (A) | **Leadership** is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.<br>**Two situations in which Autocratic leadership is most effective:**<br>• This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and the supervisor has to ensure labour productivity.<br>• Quick decision-making is facilitated.<br>**OR** | 1<br><br>1<br><br>1 |
| 22. (B) | **Communication** is the process of exchange of information between two or more persons to reach common understanding.<br>**Meaning of formal communication:**<br>Formal communication flows through official channels designed in the organisation chart.<br>**Meaning of Informal communication:**<br>Communication that takes place without following the formal lines of communication is said to be informal communication. | 1<br><br>1<br><br>1 |
| 23. | **Calculation of Return on Investment (ROI)**<br>ROI= Earnings before interest and tax x100<br>Total investment<br>ROI = 1500000 x100<br>3000000<br>=50%<br>**Calculation of Interest Coverage Ratio (ICR)**<br>Interest coverage ratio = Earnings before interest and tax<br>Interest<br>ICR = 1500000<br>120000<br>=12.5 times | ½<br>½<br>½<br>½<br>½<br>½ |
| 24. | (I) **Business Environment** means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.<br>(II) **It enables the firm to identify opportunities and getting the first mover advantage:** Opportunities refer to the positive external trends or changes that will help a firm to improve its performance. Environment provides numerous opportunities for business success. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors | 1<br><br>½ + 1 ½ |

| | | |
|---|---|---|
| 25. | (I) **Management is an intangible force:** Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.<br>(II) Importance of management: (Any three)<br>• **Management helps in achieving group goals:** Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.<br>• **Management increases efficiency:** The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.<br>• **Management creates a dynamic organisation:** All organisations have to function in an environment which is constantly changing. It is generally seen that individuals in an organisation resist change as it often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to these changes so that the organisation is able to maintain its competitive edge.<br>• **Management helps in achieving personal objectives**: A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.<br>• **Management helps in the development of society**: An organisation has multiple objectives to serve the purpose of the different groups that constitute it. In the process of fulfilling all these, management helps in the development of the organisation and through that it helps in the development of society. | ½ + ½<br><br>1 x 3 |
| 26. (A) | Selection tests (Any four):<br>• **Intelligence Tests:** This is one of the important psychological tests used to measure the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgments.<br>• **Aptitude Test:** It is a measure of an individual's potential for learning new skills. It indicates the person's capacity to develop.<br>• **Personality Tests**: Personality tests provide clues to a person's emotions, her reactions, maturity and value system etc. These tests probe the overall personality. Hence, these are difficult to design and implement.<br>• **Trade Test:** These tests measure the existing skills of the individual. They measure the level of knowledge and proficiency in the area of professions or technical training. The difference between aptitude test and trade test is that the former measures the potential to acquire skills and the later the actual skills possessed. | 1X4=4 |

| | | |
|---|---|---|
| | • **Interest Tests:** Every individual has a fascination for some job more than the other. Interest tests are used to know the pattern of interests or involvement of a person. | |
| | **OR** | |
| 26. (B) | **Benefit of training to workers:** | |
| | • Improved skills and knowledge due to training lead to better careers for the individual. | 1 |
| | • Increased performance by the individual helps him to earn more. | 1 |
| | • Training makes the employee more efficient to handle machines. Thus, less prone to accidents. | 1 |
| | • Training increases the satisfaction and morale of employees. | 1 |
| 27. | (I) **Esteem Needs** | 1 |
| | (II) | |
| | • **Employee Recognition programmes:** Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at a higher level. | ½ + 1 |
| | • **Employee Participation**:It means involving employees in decision making of the issues related to them. In many companies, these programmes are in practice in the form of joint management committees, work committees, canteen committees etc. | ½ + 1 |
| 28.(A) | Plans are prepared for the future and are based on forecasts about future conditions. Therefore, **planning** involves looking ahead and is called a **forward-looking function.**<br>On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, **controlling is a backward looking function.**<br>However, planning is guided by past experiences and the corrective action initiated by the control function aims to improve future performance. Thus, **planning and controlling are both backward-looking as well as a forward-looking function.** | 4 |
| | **OR** | |
| 28.(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. | ½ + 1½ |
| | • **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. | ½ + 1½ |
| 29. | **Features of Planning**<br>(1) **Planning focuses on achieving objectives:** Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals. | 1 |

(2) **Planning is futuristic:** Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward looking function based on forecasting. 1

(3) **Planning involves decision making:** Planning essentially involves choice from among various alternatives and activities. The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives. Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one. 1

(4) **Planning is a mental exercise:**Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. However, planning requires logical and systematic thinking rather than guesswork or wishful thinking. 1

30. Following are the differences between advertising and personal selling (any four): 1X4=4

| S.No. | Advertising | Personal Selling |
|---|---|---|
| 1. | Advertising is an impersonal form of communication | Personal selling is a personal form of communication. |
| 2. | Advertising involves transmission of standardised messages, i.e., the same message is sent. | In personal selling, the sales talk is adjusted keeping view of the customer's background and needs. |
| 3. | Advertising is inflexible as the message can' t be adjusted to the needs of the buyer. | Personal selling is highly flexible. as the message can be adjusted. |
| 4. | It reaches masses, i.e., a large number of people can be approached. | Only a limited number of people can be contacted because of time and cost considerations. |
| 5. | In advertising the cost per person reached is very low. | The cost per person is quite high in the case of personal selling. |
| 6. | Advertising can cover the market in a short time. | Personal selling efforts take a lot of time to cover the entire market. |
| 7. | Advertising makes use of mass media such television, radio, newspaper, and magazines. | Personal selling makes use of sales staff, which has limited reach. |

| | | | | |
|---|---|---|---|---|
| | 8. | Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising | Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately | |
| | 9. | Advertising is more useful in creating and building interest of the consumers in the firm's products. | Personal selling plays an important role at the awareness stage of decision making. | |
| | 10. | Advertising is more useful in marketing to the ultimate consumers who are large in numbers. | Personal selling is more useful in selling products to the industrial buyers or to intermediaries such as dealers and retailers who are relatively few in number. | |

31. (I) Securities Exchange Board of India(SEBI) — 1

(II) **Objectives of SEBI are (Any three)** — 1×3=3

- to regulate the stock exchanges and the security industry to promote their orderly functioning.
- to protect the rights and interest of the investors, particularly individual investors to guide and educate them.
- to prevent trading Malpractices and achieve a balance between self regulation by the security industries and its statutory regulation.
- to regulate and develop a code of conduct and fair practices, by intermediaries like brokers, merchant brokers etc. with a view of making them competitive and professional.

(III) **Developmental functions: (Any two)** — 1x2=2

- Training of intermediaries of the securities market.
- Conducting research and publishing information useful to all market participants.
- Undertaking measures to develop the capital markets by adapting a flexible approach.

32. (A) **Difference between Functional and Divisional structure** — 1X6=6

| Basis | Functional Structure | Divisional Structure |
|---|---|---|
| (I) Formation | Formation is based on functions | Formation is based on product lines and is supported by functions. Specialisation |
| (II) Specialisation | Functional specialisation. | Product specialisation. |

| | | | | |
|---|---|---|---|---|
| | (III) Responsibility | Difficult to fix on a department. | Easy to fix responsibility for performance | |
| | (IV)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 | |
| | (V) Cost | Functions are not duplicated hence economical. | Duplication of resources in various departments, hence costly. | |
| | (VI) Coordination | Difficult for a multiproduct company | Easy, because all functions related to a particular product are integrated in one department. | |

**OR**

32. (B)

SIGNIFICANCE OF DELEGATION:

(i) Effective management: By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters.

(ii) Employee development: As a result of delegation, employees get more opportunities to utilise their talent and this may give rise to latent abilities in them. It makes them better leaders and decision makers.

(iii) Motivation of employees: Delegation helps in developing the talents of the employees. It also has psychological benefits. Responsibility for work build the self-esteem of an employee and improves his confidence.

(iv) Facilitation of growth: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures.

(v) Basis of management hierarchy: Delegation of authority establishes superior-subordinate relationships, which are the basis of hierarchy of management.

(vi) Better coordination: The elements of delegation help to define the powers, duties and answerability related to the various positions in an organisation. This helps to avoid overlapping of duties and duplication of work.

1X6=6

33. **Various techniques used by Leena to improve the performance of her employees:**

**Method Study**-The objective of method study is to find out one best way of doing the job. To determine the best way there are several parameters. ½ + 2 ½

Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. Taylor devised the concept of assembly line by using method study. The objective is to minimise the cost of production and maximise the quality and satisfaction of the customer.

**Time Study-**It determines the standard time taken to perform a well-defined job. The standard time is fixed for the whole of the task by taking several ½ + 2 ½

| | | |
|---|---|---|
| | readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs.<br>The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs. | |
| 34. (A) | **Following are the four elements of marketing mix:**<br>1. **PRODUCT:** Product means goods or services or 'anything of value', which is offered to the market for sale. The concept of product relates to not only the physical product but also the benefits offered by it from customer's view point. It also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts etc.The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.<br>2. **PRICE**: Price is the amount of money customers have to pay to obtain the product. In the case of most of the products, the level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products. Decisions have also to be taken in respect of discounts to customers, traders and credit terms, etc., so that customers perceive the price to be in line with the value of the product.<br>3. **PLACE:** Place or Physical Distribution include activities that make a firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.). The other decision areas relate to managing inventory, storage and warehousing and transportation of the goods from the place it is produced to the place it is required by the buyers.<br>4. **PROMOTION:** Promotion of products and services include activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it. Most marketing organisations use a number of tools such as advertising, personal selling and sales promotion techniques like price discounts, free coupons etc. | ½ + 1<br>½ + 1<br>½ + 1<br>½ + 1 |
| | **OR** | |
| 34. (B) | Factors affecting price of a product: (any four)<br>1. **Product Cost:** One of the most important factors affecting the price of a product or service is its cost. This includes the cost of producing, distributing and selling the product. The cost sets the minimum level or the floor price at which the product may be sold.In the long run, a firm cannot survive unless at least all its costs are covered. There are broadly three types of costs: viz Fixed Costs, Variable Costs and Semi Variable Costs.<br>2. **The utility and demand**: While the product costs set the lower limits of the price, the utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid. | (½ + 1) x 4 |

| | | |
|---|---|---|
| | 3. **Extent of competition in the market:** The price will tend to reach the upper limit in case there is lesser degree of competition while under conditions of free competition, the price will tend to be set at the lowest level.<br>4. **Government and legal regulations:** In order to protect the interest of public against unfair practices in the field of price fixing, Government can intervene and declare a product as essential product and regulate it's price. In such a case, the Government does not allow the firms to charge such a high price and intervene to regulate the price of the product.<br>5. **Pricing objectives**: Apart from profit maximisation, the pricing objectives of a firm may include: (a) Obtaining Market Share Leadership: If a firm's objective is to obtain larger share of the market; it will keep the price of its products at lower levels so that greater number of people are attracted to purchase the products; (b) Surviving in a Competitive Market: If a firm is facing difficulties in surviving in the market because of intense competition or introduction of a more efficient substitute by a competitor, it may resort to discounting its products or running a promotion campaign to liquidate its stock; and (c) Attaining Product Quality Leadership: In this case, normally higher prices are charged to cover high quality and high cost of research and Development.<br>6. **Marketing Methods Used:** Price fixation process is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer services provided. | |