


**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.    | <p>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. The nature of management being highlighted in the above case is:</p> <p>A. Management as science<br/>B. Management as profession<br/>C. Management as art<br/>D. Both A. and C.</p>  | 1     |
| 2.    | <p>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,.</p> <p>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.</p> <p>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.</p> <p>A. Identification and division of work<br/>B. Establishing reporting relationships<br/>C. Departmentalisation<br/>D. Assignment of duties</p> | 1     |
| 3.    | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:</p>  | 1     |



|    |  |   |
|----|--|---|
|    | <p><b>Assertion(A):</b> Financial Planning aims at enabling the company to tackle the uncertainty in respect of the availability and timing of the funds.</p> <p><b>Reason(R):</b> Capital structure refers to the mix between owners' and borrowed funds</p> <p>Alternatives :</p> <p>A. Both Assertion (A) is false and Reason (R) are true.</p> <p>B. Both Assertion (A) and Reason (R) are false.</p> <p>C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.</p> <p>D. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.</p>  |   |
| 4. | <p>Read the following statements carefully:</p> <p><b>Statement I:</b> Secondary Market directly promotes capital formation.</p> <p><b>Statement II:</b> Capital market deals in medium and long term securities such as equity shares and debentures.</p> <p>In the light of given statements, choose the correct alternative from the following:</p> <p>A. Both the statements are true.</p> <p>B. Both the statements are false.</p> <p>C. Statement I is true, Statement II is false.</p> <p>D. Statement II is true, Statement I is false.</p>  | 1 |
| 5. | <p>Choose the statement that correctly highlights the benefit of using external sources of recruitment.</p> <p>A. Competitive spirit among the existing staff</p> <p>B. Reduction in employees turnover</p> <p>C. Helps in increasing employees satisfaction</p> <p>D. Develops a sense of security amongst employees</p>  | 1 |
| 6. | <p>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.</p> <p>Identify the components of the business environment from the above case study.</p> <p>A. Political and economic environment</p> <p>B. Economic and social environment</p> <p>C. Technological and legal environment</p> <p>D. Economic and technological environment</p> | 1 |
| 7. |    | 1 |



|     |  |   |
|-----|--|---|
|     | <p>Identify the responsibility that a consumer fulfills when he looks for the quality marks given above:</p> <ul style="list-style-type: none"> <li>A. Assert yourself to ensure that you get a fair deal</li> <li>B. Getting a proper receipt</li> <li>C. Buy only standardised products</li> <li>D. Be honest in your dealings</li> </ul> <p><b>For Visually Impaired Candidates:</b><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:</p> <ul style="list-style-type: none"> <li>A. Assert yourself to ensure that you get a fair deal</li> <li>B. Getting a proper receipt</li> <li>C. Buy only standardised products</li> <li>D. Be honest in your dealings</li> </ul> | 1 |
| 8.  | <p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:</p> <p><b>ASSERTION (A):</b> Controlling can prevent deviations.<br/><b>REASON (R):</b> Controlling helps in minimising deviations by taking actions and decisions that reduce their recurrence.</p> <ul style="list-style-type: none"> <li>A. Both Assertion (A) and Reason (R) are true and Reason is the correct explanation of Assertion.</li> <li>B. Both Assertion(A) and Reason (R) are true and Reason is not the correct explanation of Assertion.</li> <li>C. Assertion (A) is true, Reason (R) is false.</li> <li>D. Assertion(A) is false, Reason(R) is true.</li> </ul>  | 1 |
| 9.  | <p>‘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.’</p> <p>Place the subsequent steps of staffing in a small organisation in the correct order:</p> <ul style="list-style-type: none"> <li>A. Training and development, promotion and career planning, performance appraisal, compensation</li> <li>B. Performance appraisal, training and development, promotion and career planning, compensation</li> <li>C. Training and development, performance appraisal, promotion and career planning, compensation</li> <li>D. Training and development, performance appraisal, compensation, promotion and career planning</li> </ul>  | 1 |
| 10. | <p>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.</p> <p>Choose the correct point of significance of controlling highlighted above:</p> <ul style="list-style-type: none"> <li>A. controlling helps in achievement of organisational goals</li> <li>B. controlling helps in ensuring order and discipline</li> <li>C. controlling helps in improving employees motivation</li> <li>D. controlling enables optimum utilisation of resources</li> </ul>   | 1 |



|     |  |      |                  |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
|-----|--|------|------------------|--|------------------|-----|---|----|-------------|-----|---|-----|---------|-----|--|------|------------|-----|---|-----|------------------|---|
| 11. | 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.   | 1    |                  |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| 12. | 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  | 1    |                  |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| 13. | Match the statements given in column I with the characteristic of business environment given in column II<br><table><tr><td></td><td><b>COLUMN I</b></td><td></td><td><b>COLUMN II</b></td></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><br>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) |      | <b>COLUMN I</b>  |  | <b>COLUMN II</b> | (a) | Increased demand of Khakhra and Thepla in the region of Gujarat as compared to Delhi region | i. | Uncertainty | (b) | 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. | ii. | Dynamic | (c) | Fashion market is facing both opportunities and challenges. Therefore it is difficult to predict the future of the fashion market. | iii. | Relativity | (d) | A new government will result in changing government rules, fiscal policies, market conditions etc | iv. | Interrelatedness | 1 |
|     | <b>COLUMN I</b>  |      | <b>COLUMN II</b> |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| (a) | Increased demand of Khakhra and Thepla in the region of Gujarat as compared to Delhi region  | i.   | Uncertainty      |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| (b) | 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.  | ii.  | Dynamic          |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| (c) | Fashion market is facing both opportunities and challenges. Therefore it is difficult to predict the future of the fashion market.   | iii. | Relativity       |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| (d) | A new government will result in changing government rules, fiscal policies, market conditions etc  | iv.  | Interrelatedness |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |
| 14. | 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  | 1    |                  |  |                  |     |   |    |             |     |   |     |         |     |  |      |            |     |   |     |                  |   |



|     |   |   |
|-----|---|---|
| 15. | <p>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.</p> <p>Name the type of training which is provided by Shiwakumar in his firm.</p> <p>A. Apprenticeship training<br/>B. Vestibule training<br/>C. Induction training<br/>D. Internship training</p>  | 1 |
| 16. | <p>Identify the incorrect statement with respect to Consumer Protection in India.</p> <p>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.</p> | 1 |
| 17. | <p>Identify the decision which is not taken under financial management.</p> <p>A. Dividend Decision<br/>B. Capital Budgeting Decision<br/>C. Pricing Decision<br/>D. Both B. and C.</p>   | 1 |
| 18. | <p>What are the factors that affect financing decisions?</p> <p>(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</p> <p>Choose the correct alternative from the following:</p> <p>A. (b), (c) and (f)<br/>B. (d), (e) and (f)<br/>C. (a), (c) and (d)<br/>D. (a), (c) and (e)</p>  | 1 |
| 19. | <p>Consumers can ask anything regarding the date of manufacturing, MRP, etc, about the product that he intend to buy.</p> <p>Identify the consumer right highlighted in the above lines.</p> <p>A. Right to be informed<br/>B. Right to be assured<br/>C. Right to be heard<br/>D. Right to safety</p>  | 1 |
| 20. | <p>Read the following statements carefully:</p> <p><b>Statement I:</b> Cost of debt is lower than cost of equity for a company.</p>   | 1 |



|         |   |            |
|---------|---|------------|
|         | <b>Statement II:</b> 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><b>OR</b>   | 3          |
| 21.(B)  | State how planning<br>(I) reduces creativity<br>(II) leads to rigidity.   | 1 ½<br>1 ½ |
| 22. (A) | Explain the concept of leadership. Give two situations in which autocratic leadership style is most effective.<br><b>OR</b>   | 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. | 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  |            |



|         |   |                   |
|---------|---|-------------------|
|         | <p>the contrary, positive results can be observed if there is job satisfaction, effective and efficient functioning.”</p> <p>(I) Identify and explain the feature of management discussed by Mr Agastaya in his announcement.</p> <p>(II) Explain any three reasons that make management important to any organisation.</p>   | <p>1</p> <p>3</p> |
| 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.  | 4                 |
| 26. (B) | <p><b>OR</b></p> <p>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.</p>  | 4                 |
| 27.     | <p>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.</p> <p>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.</p> <p>(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.</p> <p>(II) Identify and explain two incentives that have been provided by Bhaanupriya to improve the performance of the employees.</p>   | <p>1</p> <p>3</p> |
| 28. (A) | Explain how Planning and controlling are both backward looking, as well as forward looking functions.   | 4                 |
| 28. (B) | <p><b>OR</b></p> <p>The first step in the controlling process is setting up performance standards. Explain the subsequent two steps in the process of controlling.</p>  | 4                 |
| 29.     | <p>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'.</p> <p>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.</p> <p>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.</p> | 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.     | <p>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.</p> <p>(I) Identify the regulatory body which has been highlighted above.</p> <p>(II) State the three objectives of the regulatory body identified in part (I).</p> <p>(III) State any two functions that are performed for the development of the securities market by the regulatory body identified in part (I).</p>  | <p>1</p> <p>3</p> <p>2</p> |
| 32. (A) | <p>Differentiate between functional structure and divisional structure on the basis of:</p> <p>(I) Formation</p> <p>(II) Specialisation</p> <p>(III) Responsibility</p> <p>(IV) Managerial development</p> <p>(V) Cost</p> <p>(VI) Coordination</p>  | 6                          |
| 32. (B) | <p style="text-align: center;"><b>OR</b></p> <p>‘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.’</p> <p>In light of the above statement, explain how effective delegation helps the organisation in achieving objectives.</p>   | 6                          |
| 33.     | <p>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.</p> <p>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.</p> <p>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.</p> | 6                          |
| 34. (A) | <p>Explain the four elements of marketing mix.</p> <p style="text-align: center;"><b>OR</b></p>  | 6                          |
| 34. (B) | <p>Explain any four factors affecting determination of the price of a product or service.</p>  | 6                          |



**BUSINESS STUDIES (054)****Class XII (2024-25)****MARKING SCHEME**

| <b>Q.NO.</b> | <b>ANSWER</b>   | <b>MARKS</b>   |
|--------------|---|----------------|
| 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   | 1              |
|              | <b>For Visually Impaired Candidates:</b><br>C. Buy only standardised products   | 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)      | <b>Single Use plans-</b> 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><b>Standing plans-</b> 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 |
| 21. (B)      | <b>OR</b><br><b>Planning reduces creativity-</b> Planning is an activity which is done by the top management. Usually the rest of the members just implement these  | 1 ½            |



|         |   |         |
|---------|---|---------|
|         | <p>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.</p> <p><b>Planning leads to rigidity</b>-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.</p> | 1 ½     |
| 22. (A) | <p><b>Leadership</b> is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.</p> <p><b>Two situations in which Autocratic leadership is most effective:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>Quick decision-making is facilitated.</li> </ul>  | 1       |
|         |   | 1       |
|         |   | 1       |
| 22. (B) | <p><b>Communication</b> is the process of exchange of information between two or more persons to reach common understanding.</p> <p><b>Meaning of formal communication:</b><br/>Formal communication flows through official channels designed in the organisation chart.</p> <p><b>Meaning of Informal communication:</b><br/>Communication that takes place without following the formal lines of communication is said to be informal communication.</p>  | 1       |
|         |   | 1       |
| 23.     | <p><b>Calculation of Return on Investment (ROI)</b></p> $ROI = \frac{\text{Earnings before interest and tax}}{\text{Total investment}} \times 100$ $ROI = \frac{1500000}{3000000} \times 100$ $= 50\%$ <p><b>Calculation of Interest Coverage Ratio (ICR)</b></p> $\text{Interest coverage ratio} = \frac{\text{Earnings before interest and tax}}{\text{Interest}}$ $ICR = \frac{1500000}{120000}$ $= 12.5 \text{ times}$  | ½       |
|         |   | ½       |
|         |   | ½       |
|         |   | ½       |
|         |   | ½       |
|         |   | ½       |
| 24.     | <p>(I) <b>Business Environment</b> 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.</p> <p>(II) <b>It enables the firm to identify opportunities and getting the first mover advantage:</b> 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</p>                                  | 1       |
|         |   | ½ + 1 ½ |



|         |  |  |
|---------|--|--|
| 25.     | <p>(I) <b>Management is an intangible force:</b> 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.</p> <p>(II) Importance of management: (Any three)</p> <ul style="list-style-type: none"> <li>• <b>Management helps in achieving group goals:</b> 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.</li> <li>• <b>Management increases efficiency:</b> 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.</li> <li>• <b>Management creates a dynamic organisation:</b> 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.</li> <li>• <b>Management helps in achieving personal objectives:</b> 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.</li> <li>• <b>Management helps in the development of society:</b> 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.</li> </ul> | <p><math>\frac{1}{2} + \frac{1}{2}</math></p> <p>1 x 3</p> |
| 26. (A) | <p>Selection tests (Any four):</p> <ul style="list-style-type: none"> <li>• <b>Intelligence Tests:</b> 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.</li> <li>• <b>Aptitude Test:</b> It is a measure of an individual's potential for learning new skills. It indicates the person's capacity to develop.</li> <li>• <b>Personality Tests:</b> 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.</li> <li>• <b>Trade Test:</b> 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.</li> </ul>  | 1X4=4  |



|         |   |   |
|---------|---|---|
| 26. (B) | <p>• <b>Interest Tests:</b> 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.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Benefit of training to workers:</b></p> <ul style="list-style-type: none"> <li>• Improved skills and knowledge due to training lead to better careers for the individual.</li> <li>• Increased performance by the individual helps him to earn more.</li> <li>• Training makes the employee more efficient to handle machines. Thus, less prone to accidents.</li> <li>• Training increases the satisfaction and morale of employees.</li> </ul>       | <p>1</p> <p>1</p> <p>1</p> <p>1</p>   |
| 27.     | <p>(I) <b>Esteem Needs</b></p> <p>(II)</p> <ul style="list-style-type: none"> <li>• <b>Employee Recognition programmes:</b> 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.</li> <li>• <b>Employee Participation:</b> 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.</li> </ul>   | <p>1</p> <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p>              |
| 28.(A)  | <p>Plans are prepared for the future and are based on forecasts about future conditions. Therefore, <b>planning</b> involves looking ahead and is called a <b>forward-looking function</b>.</p> <p>On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, <b>controlling is a backward looking function</b>.</p> <p>However, planning is guided by past experiences and the corrective action initiated by the control function aims to improve future performance. Thus, <b>planning and controlling are both backward-looking as well as a forward-looking function</b>.</p> <p style="text-align: center;"><b>OR</b></p> | <p>4</p>  |
| 28.(B)  | <ul style="list-style-type: none"> <li>• <b>Measurement of Actual Performance:</b> 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.</li> <li>• <b>Comparing Actual Performance with Standards:</b> 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.</li> </ul>        | <p><math>\frac{1}{2} + 1\frac{1}{2}</math></p> <p><math>\frac{1}{2} + 1\frac{1}{2}</math></p> |
| 29.     | <p><b>Features of Planning</b></p> <p>(1) <b>Planning focuses on achieving objectives:</b> 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.</p>  | <p>1</p>  |

|       | <p>(2) <b>Planning is futuristic:</b> 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.</p> <p>(3) <b>Planning involves decision making:</b> 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.</p> <p>(4) <b>Planning is a mental exercise:</b> 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.</p>  | <p>1</p> <p>1</p> <p>1</p>   |             |                  |    |  |   |    |   |  |    |   |  |    |  |   |    |   |  |    |   |   |    |   |   |       |
|-------|--|--|-------------|------------------|----|--|---|----|---|--|----|---|--|----|--|---|----|---|--|----|---|---|----|---|---|-------|
| 30.   | <p>Following are the differences between advertising and personal selling (any four):</p> <table border="1"> <thead> <tr> <th>S.No.</th><th>Advertising</th><th>Personal Selling</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Advertising is an impersonal form of communication</td><td>Personal selling is a personal form of communication.</td></tr> <tr> <td>2.</td><td>Advertising involves transmission of standardised messages, i.e., the same message is sent.</td><td>In personal selling, the sales talk is adjusted keeping view of the customer's background and needs.</td></tr> <tr> <td>3.</td><td>Advertising is inflexible as the message can't be adjusted to the needs of the buyer.</td><td>Personal selling is highly flexible. as the message can be adjusted.</td></tr> <tr> <td>4.</td><td>It reaches masses, i.e., a large number of people can be approached.</td><td>Only a limited number of people can be contacted because of time and cost considerations.</td></tr> <tr> <td>5.</td><td>In advertising the cost per person reached is very low.</td><td>The cost per person is quite high in the case of personal selling.</td></tr> <tr> <td>6.</td><td>Advertising can cover the market in a short time.</td><td>Personal selling efforts take a lot of time to cover the entire market.</td></tr> <tr> <td>7.</td><td>Advertising makes use of mass media such television, radio, newspaper, and magazines.</td><td>Personal selling makes use of sales staff, which has limited reach.</td></tr> </tbody> </table> | 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. | 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.                                  |             |                  |    |  |   |    |   |  |    |   |  |    |  |   |    |   |  |    |   |   |    |   |   |       |



|                     | <table> <tr> <td>8.</td><td>Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising</td><td>Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately</td></tr> <tr> <td>9.</td><td>Advertising is more useful in creating and building interest of the consumers in the firm's products.</td><td>Personal selling plays an important role at the awareness stage of decision making.</td></tr> <tr> <td>10.</td><td>Advertising is more useful in marketing to the ultimate consumers who are large in numbers.</td><td>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.</td></tr> </table>  | 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. |       |
|---------------------|---|---|---|--|---------------|---|---|---------------------|---|---|-------|
| 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.                 | <p>(I) Securities Exchange Board of India(SEBI)</p> <p>(II) <b>Objectives of SEBI are (Any three)</b></p> <ul style="list-style-type: none"> <li>to regulate the stock exchanges and the security industry to promote their orderly functioning.</li> <li>to protect the rights and interest of the investors, particularly individual investors to guide and educate them.</li> <li>to prevent trading Malpractices and achieve a balance between self regulation by the security industries and its statutory regulation.</li> <li>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.</li> </ul> <p>(III) <b>Developmental functions: (Any two)</b></p> <ul style="list-style-type: none"> <li>Training of intermediaries of the securities market.</li> <li>Conducting research and publishing information useful to all market participants.</li> <li>Undertaking measures to develop the capital markets by adapting a flexible approach.</li> </ul> | <p>1</p> <p>1×3=3</p> <p>1x2=2</p>  |   |  |               |   |   |                     |   |   |       |
| 32. (A)             | <p><b>Difference between Functional and Divisional structure</b></p> <table> <tr> <th>Basis</th><th>Functional Structure</th><th>Divisional Structure</th></tr> <tr> <td>(I) Formation</td><td>Formation is based on functions</td><td>Formation is based on product lines and is supported by functions. Specialisation</td></tr> <tr> <td>(II) Specialisation</td><td>Functional specialisation.</td><td>Product specialisation.</td></tr> </table>   | 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.   | 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.   |   |  |               |   |   |                     |   |   |       |



[illegible]

|         |   |   |
|---------|---|---|
|         | 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. 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) | <p><b>Following are the four elements of marketing mix:</b></p> <ol style="list-style-type: none"> <li>1. <b>PRODUCT:</b> 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.</li> <li>2. <b>PRICE:</b> 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.</li> <li>3. <b>PLACE:</b> 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.</li> <li>4. <b>PROMOTION:</b> 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.</li> </ol> <p style="text-align: center;"><b>OR</b></p> | <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> |
| 34. (B) | <p>Factors affecting price of a product: (any four)</p> <ol style="list-style-type: none"> <li>1. <b>Product Cost:</b> 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.</li> <li>2. <b>The utility and demand:</b> 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.</li> </ol>  | <p><math>(\frac{1}{2} + 1) \times 4</math></p>  |



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.

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 its 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.

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.

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.

