

# Sample Question Paper (Solved)–2025

(Issued by Central Board of Secondary Education, New Delhi)

CLASS – 12th

BUSINESS STUDIES

Time Allowed : 3 Hours

Maximum Marks : 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. 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. The nature of management being highlighted in the above case is : 1

- (A) Management as science
- (B) Management as profession
- (C) Management as art
- (D) Both A and C.

**Ans :** (A) Management as science.

**Q. 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. In spite 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.,

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. 1

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.

- (A) Identification and division of work
- (B) Establishing reporting relationships
- (C) Departmentalisation
- (D) Assignment of duties.

**Ans :** (D) Assignment of duties.

**Q. 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.

**Reason (R) :** Capital structure refers to the mix between owner's and borrowed funds.

**Alternatives :**

- (A) Both Assertion (A) is false and Reason (R) are true.
- (B) Both Assertion (A) and Reason (R) are false.
- (C) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.
- (D) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.

**Ans.** (C) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.

**Q. 4.** Read the following statement carefully : 1

**Statement I :** Secondary Market directly promotes capital formation.

**Statement II : Capital market deals in medium and long term securities such as equity shares and debentures.**

**In the light of given statements, choose the correct alternative from the following :**

- (A) Both the statements are true.
- (B) Both the statements are false.
- (C) Statement I is true, Statement II is false.
- (D) Statement II is true, Statement I is false.

**Ans :** (D) Statement II is true, Statement I is false.

**Q. 5. Choose the statement that correctly highlights the benefits of using external sources of recruitment.** 1

- (A) Competitive spirit among the existing staff
- (B) Reduction in employees turnover
- (C) Helps in increasing employees satisfaction
- (D) Develops a sense of security amongst employees.

**Ans :** (A) Competitive spirit among the existing staff.

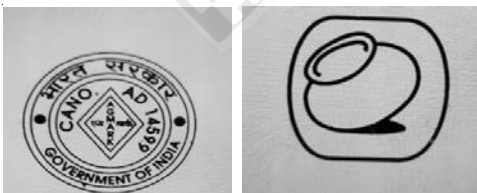
**Q. 6. Goodwill Enterprises is a large-scale automobile manufacturer, who fulfills the needs of both industrial users and consumers. The company is providing easy finance facilities at a low rate of interest, which has considerably increased the demand for the product. The company has installed a new branch management software to efficiently manage and coordinate activities across their multiple branches and locations.** 1

**Identify the components of the business environment from the above case study.**

- (A) Political and economic environment
- (B) Economic and social environment
- (C) Technological and legal environment
- (D) Economic and technological environment.

**Ans :** (D) Economic and technological environment.

**Q. 7.**



1

**Identify the responsibility that a consumer fulfills when he looks for the quality marks given above :**

- (A) Assert yourself to ensure that you get a fair deal
- (B) Getting a proper receipt
- (C) Buy only standardised products
- (D) Be honest in your dealings.

**Ans :** (C) Buy only standardised products.

**For Visually Impaired Candidates :**

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 : 1

- (A) Assert yourself to ensure that you get a fair deal
- (B) Getting a proper receipt
- (C) Buy only standardised products
- (D) Be honest in your dealings.

**Ans.** (C) Buy only standardised products.

**Q. 8. Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative from those given below :** 1

**Assertion (A) :** Controlling can prevent deviations.

**Reason (R) :** Controlling helps in minimising deviations by taking actions and decisions that reduce their recurrence.

- (A) Both Assertion (A) and Reason (R) are true, and Reason is the correct explanation of the Assertion.
- (B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of the Assertion.

(C) Assertion (A) is true, Reason (R) is false.

(D) Assertion (A) is false, Reason (R) is true.

**Ans.** (D) Assertion (A) is false, Reason (R) is true.

**Q. 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.'** 1

**Place the subsequent steps of staffing in a small organisation in the correct order :**

- (A) Training and development, promotion and career planning, performance appraisal, compensation.
- (B) Performance appraisal, training and development, promotion and career planning, compensation.

(C) Training and development, performance appraisal, promotion and career planning, compensation.

(D) Training and development, performance appraisal, compensation promotion and career planning.

**Ans :** (C) Training and development, performance appraisal, promotion and career planning, compensation.

**Q. 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.** 1

Choose the correct point of significance of controlling highlighted above :

(A) Controlling helps in achievement of organisational goals.

(B) Controlling helps in ensuring order and discipline

(C) Controlling helps in improving employees motivation

(D) Controlling enables optimum utilisation of resources.

Ans : (B)Controlling helps in ensuring order and discipline.

**Q. 11. Identify the incorrect statement with respect to 'Investment decision' :** 1

(A) Net working capital refers to excess of current assets over current liabilities.

(B) Current assets are those assets which get converted into cash within one year.

(C) Capital budgeting decisions are irreversible.

(D) Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions.

Ans : (D)Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions.

**Q. 12. State Commission has the jurisdiction to entertain complaints where value of goods and services paid as consideration is .....** 1

(A) More than ₹ 1 crore and not more than ₹ 5 crore.

(B) More than ₹ 10 crore

(C) Less than ₹ 1 crore

(D) More than ₹ 1 crore and not more than ₹ 10 crore.

Ans : (D)More than ₹ 1 crore and not more than ₹ 10 crore.

**Q. 13. Match the statements given in column I with the characteristic of business environment given in column II.** 1

	Column I		Column II
(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

Choose the correct option from the following :

(A) (a)-(iii) (b)-(ii) (c)-(i) (d)-(iv)

(B) (a)-(ii) (b)-(i) (c)-(iii) (d)-(iv)

(C) (a)-(iv) (b)-(ii) (c)-(i) (d)-(iii)

(D) (a)-(iii) (b)-(i) (c)-(ii) (d)-(iv).

Ans. (A)(a)-(iii) (b)-(ii) (c)-(i) (d)-(iv).

**Q. 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 :** 1

(A) Branding

(B) Standardisation

(C) Grading

(D) Marketing planning.

Ans : (C) Grading.

**Q. 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.** 1

**Name the type of training which is provided by Shiwakumar in his firm.**

(A) Apprenticeship training

(B) Vestibule training

(C) Induction training

(D) Internship training

Ans : (C)Induction training.

**Q. 16. Identify the incorrect statement with respect to consumer Protection in India.** 1

(A) It not only includes educating consumers about their rights and responsibilities but also help in getting their grievances redressed

(B) It not only requires a judicial machinery for protecting the interest of consumers but also requires the consumers to get together and from themselves into Consumer associations for protection and promotion of their interests.

(C) It is the moral duty of any business to take care of consumers' interest and avoid any form of exploitation.

(D) The provisions of Consumer Protection Act came into force from 1981.

**Ans :** (D) The provisions of Consumer Protection Act came into force from 1981.

**Q. 17. Identify the decision which is not taken under financial management.** 1

- (A) Dividend Decision
- (B) Capital Budgeting Decision
- (C) Pricing Decision
- (D) Both B and C.

**Ans :** (C) Pricing Decision.

**Q. 18. What are the factors that affect financing decisions ?** 1

- (a) Cash flow position of the company
- (b) Stability of earnings
- (c) Degree of financial risk
- (d) Contractual constraints
- (e) State of capital market
- (f) Level of competition.

**Choose the correct alternatives from the following :**

- (A) (b), (c) and (f)
- (B) (d), (e) and (f)
- (C) (a), (c) and (d)
- (D) (a), (c) and (e).

**Ans.** (D)(a), (c) and (e).

**Q. 19. Consumers can ask anything regarding the date of manufacturing, MRP, etc., about the product that he intend to buy.** 1

**Identify the consumer right highlighted in the above lines.**

- (A) Right to be informed
- (B) Right to be assured
- (C) Right to be heard
- (D) Right to safety.

**Ans :** (A) Right to be informed.

**Q. 20. Read the following statements carefully :** 1

**Statement I :** Cost of debt is lower than cost of equity for a company.

**Statement II :** The objective of financial management is to increase shareholder's wealth.

**In the light of given statements, choose the correct alternative from the following :**

- (A) Both the statements are true.

(B) Both the statements are false.

(C) Statement I is true, Statement II is false.

(D) Statement II is true, Statement I is false.

**Ans :** (A) Both the statements are true.

**Q. 21. (A) State the meaning of single use plans and standing plans.** 3

**Ans :** (A) **Single use Plans :** A Single use Plans 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 project. It may span a week or a month or a day.

**Standing Plan :** 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.

**Or**

**(B) State how planning.**

**(i) reduces creativity** 1½

**(ii) leads to rigidity.** 1½

**Ans. Planning reduces creativity :** Planning is an activity which is done by top management usually the rest of members just implement these plans. As a consequence, middle management and other decision makes are neither allowed to deviate from plans nor they are permitted to act on their own. Thus, planning is a way reduces creativity since people tend to think along the same lines as others.

**Planning leads to rigidity :** Plans are drawn in advance and managers may not be in position to change them in the light of changed conditions. This kind of rigidity in plans may create difficulty.

**Q. 22. (A) Explain the concept of leadership. Give two situations in which autocratic leadership style is most effective.** 3

**Ans.** Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.

Two situations in which Autocratic leadership is most effective :

- This leadership style is effective in getting productivity in many situations like in a factory. Where supervisor is responsible for production on time and the supervisor has to ensure labour productivity.

- Quick decision making is facilitated.

**Or**

**(B) Explain the concept of communication. Give the meaning of formal and informal communication.** 3



**Ans. (B) Communication :** It is the process of exchange of information between two or more persons to reach common understanding.

**Meaning of Formal Communication :** It flows through official channels designed in the organisation chart.

**Meaning of informal communication :** Communication that takes place without following formal lines of communication is said to be informal communication

**Q. 23. From the following information regarding Aditya Ltd. Which is the business of manufacturing green tea, calculate the Return on investment and Interest Coverage Ratio of the company : (Show working) 3**

Earning before interest and tax	₹ 15,00,000
10% debentures	₹ 12,00,000
Equity Share Capital (₹ 10 each)	₹ 18,00,000
Tax Rate	40%

**Ans.** Calculation of Return on Investment (ROI)

$$\text{ROI} = \frac{\text{Earning before Interest and tax}}{\text{Total Investment}} \times 100$$

$$\text{ROI} = \frac{15,00,000}{30,00,000} \times 100 = 50\%$$

Calculation of Interest coverage Ratio (ICR)  
Interest coverage Ratio

$$= \frac{\text{Earning before Interest and tax}}{\text{Interest}}$$

$$\text{ICR} = \frac{15,00,000}{12,00,000}$$

= 12.5 times.

**Q. 24. Mr. Vivek Vaswani, a foodpreneur combined his passion for food with his entrepreneurial skills and started his innovative fast food outlet OH CHILL ! 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 CHILL! became a pioneer in offering a healthy and delicious variety of food.**

What came as a surprise for consumers was that even without using onion or garlic in the pasts 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.

**(i) State the concept of business environment. 1**

**Ans.** 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 effect its performance.

**(ii) Identify and explain in what way, a good understanding of business environment enabled Mr. Vivek Vaswani to improve the performance of the enterprise. 2**

**Ans.** It enables the firm to identify opportunities and getting the first mover advantage : Opportunities refer to the positive external factors 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.

**Q. 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 customers 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."**

**(i) Identify and explain the feature of management discussed by Mr. Agastaya in his announcemet. 1**

**Ans. 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 function. 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.

**(ii) Explain any three reasons that make management important to any organisation. 3**

**Ans. (a) Management increases efficiency :** Management helps in reducing the costs and increasing productivity through better arrangement of the activities of the organisation.

**(b) Management helps in Achieving Group goals :** By Bringing human and non-human resources together and giving them common direction for achieving overall goal of the organisation.

(c) **Management helps in development of society** : Management helps in the development of society by giving due to importance to social obligation like providing good quality products, generating employment etc.

**Q. 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

**Ans.(A) Selection Test**

(a) **Intelligence test** : This is one of 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 judgements.

(b) **Aptitude test** : It is a measure of an individual's potential for learning new skills. It indicates the person's capacity to develop.

(c) **Personality test** : This test provides clues to a person's emotions, her reactions, maturity and value system etc. These tests probe the overall personality. Hence, there are difficult to design and implement.

(d) **Trade test** : These tests measure the existing skills of an individual. They measure the level of knowledge and proficiency in the area of profession 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.

(e) **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*

**(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

**Ans** : Benefits of training to workers :

(1) Improved skills and knowledge due to training leads to better careers for individuals.

(2) Increased Performance by the individual helps him to earn more.

(3) Training makes the employees more efficient to handle machines. Thus, less prone to accidents.

(4) Training increases the satisfaction and morale of employees.

**Q. 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.**

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.

(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.** 1

**Ans. (i) Esteem needs**

(a) **Employee Recognition Programmes** : Recognition means acknowledgement with a show of appreciation. When such appreciation is given to work performed by employees they feel motivated to perform/work at a higher level.

(ii) **Identify and explain two incentives that have been provided by Bhaanupriya to improve the performance of the employees.** 3

**Ans. 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.

**Q.28. (A) Explain how Planning and controlling are both backward looking, as well as forward looking functions.** 4

**Ans** : (A) Plans are prepared for future and are based on forecasts about future conditions. Therefore planning involves looking ahead and is called a forward looking function. On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, controlling is backward looking function.

However, planning is guided by past experiences and corrective action initiated by control function aims to improve future performance. Thus, planning and controlling are both backward looking as well as a forward looking function.

*Or*

**B. The first step in the controlling process is setting up performance standards. Explain the subsequent two steps in the process of controlling.** 4

**Ans. 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.

**Comparing Actual performance with standards :** This step involves comparison of Actual performance with standard such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms.

**Q. 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 acheive the goals. Soon he launched his own company ‘Food and Agribusiness Solutions Private Limited.’**

**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.**

**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. Identify and explain the features of one of the functions of Management highlighted above.** 4

**Ans. Features of Planning :**

**(a) Planning Focuses on Achieving objectives :** Planning seeks to achieve certain objectives and all plans are linked with the goals of the organisation. Planning has no meaning unless it positively contributes for achievement of such Predetermined goals.

**(b) Planning is Pervasive :** Planning is required at all level of management. It is not the exclusive function of top management but its scope may vary.

**(c) Planning involves decision making :** It involves rational thinking to choose the best alternative among the various available alternative in order to achieve the desired goals efficiently and effectively.

**(d) Planning is a mental exercise :** Planning is based on intellectual thinking involving foresight, visualisation and judgement rather than guess work. It determines the action to be taken.

**Q. 30. Give any four points of difference between advertising and personal selling.** 4

**Ans.** Following are the difference between advertising and personal selling.

S. No.	Advertising	Personal Selling
1.	Advertising is an impersonal form of communication.	Personal selling is a personal form of communication.
2.	It involves a transmission of standardised messages <i>i.e.</i> the same message is sent.	In it the sales talk is adjusted keeping view of the customer’s background and needs.
3.	It is flexible as the message can’t be adjusted to the need of the buyer.	It is highly flexible as message can be adjusted.
4.	It reaches masses <i>i.e.</i> a large number of people can be approached.	Only a limited number of people can be contracted because of time and cost consideration.
5.	In advertising the cost per person reached is very low.	The cost per person is quite high in 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 takes 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 customer’s reactions immediately.
9.	It is more useful in marketing to the ultimate consumers who are large in number.	It is more useful in selling products to industrial buyers.

**Q. 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.**

**(i) Identify the regulatory body which has been highlighted above.** 1

**(ii) State the three objectives of the regulatory body identified in part (i).** 3

**(iii) State any two functions that are performed for the development of the securities market by the regulatory body identified in part (i).** 2

**Ans :** (i) Securities exchange board of India (SEBI)  
II objectives of SEBI are :

(a) To regulate stock exchanges and the securities industry to promote their orderly functioning.

(b) To protect the rights and interests of investors, particularly individual investors and to guide and educate them.

(c) To regulate and develop a code of conduct and fair practices through intermediaries like brokers merchant, bankers etc. with a view to make them competitive and professional.

III. Development functions

(a) Ensuring training of intermediaries of securities market.

(b) Conducting research and publishing information useful to all markets participants.

(c) Facilitating flexibility in the working of capital markets.

**Q. 32. (A) Differentiate between functional structure and divisional structure on the basis of:** 6

**(i) Formation**

**(ii) Specialisation**

**(iii) Responsibility**

**(iv) Managerial development**

**(v) Cost**

**(vi) Coordination**

**Ans. (A)** Difference between Functional and Divisional Structure.

Basis	Functional Structure	Divisional Structure
1. Formation	Formation is based on functions.	Formation is based on product lines and is supported by functions specialisation
2. Specialisation	Functional specialisation	Product specialisation.
3. Responsibility	Difficulty to fix on a department.	Easy to fix responsibility for performance.
4. Management Development	Difficult as each functional manager has to report to the top management.	Easier autonomy as well as chance to perform multiple functions helps in managerial development.
5. Cost	Functions are not duplicated hence economical.	Duplication of resources in various department, hence costly.
6. Coordination	Difficult for multi product company.	Easy because all functions related to particular product are integrated in one development.

**Or**

**Q. 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.'** 6

**In light of the above statement, explain how effective delegation helps the organisation in achieving objectives.** 6

**Ans : Significance of Delegation :** Delegation is the process of assigning tasks, responsibilities and authority to others by delegating effectively organisation can leverage the strengths and capabilities of others, achieve more and grow. Effective delegation is crucial in any organisation with following points.

**1. Boost's Productivity :** Delegation allows managers to focus on high priority tasks while entrusting others with smaller tasks, increasing overall productivity.

**2. Develops employees :** Delegation help employees grow by giving them new responsibilities, challenges and opportunities to develop new skills.

**3. Improves decision making :** Delegation empowers employees to make decisions, fostering a sense of ownership and accountability.

**4. Enhance accountability :** Clear delegation ensures that tasks are assigned to specific individuals promoting accountability and reducing confusion.



**5. Fosters teamwork :** Delegation encourages collaboration and teamwork by distributing tasks and responsibilities among team members.

**6. Reduces work Load :** Delegation helps managers manage their workload more efficiently, reducing stress and burn out.

**7. Increases motivation :** Delegation shows trust in employees, motivating them to take ownership and perform better.

**8. Improves communication :** Delegation requires clear communication, ensuring that tasks expectations and deadlines are understood.

**9. Enhances organizational flexibility :** Delegation allows organization to adopt quickly to change by empowering employees to make decisions and take action.

**Q. 33. Leena has been appointed as the Operation Manager in a small trading company dealing in garments, with growing online sales. The company has recently rented space in warehouse to store garments and mail out orders. In order to take over the responsibilities of order fulfillment, Leena promotes an associate, Kushagra to the post of Inventory and Order fulfillment 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.**

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.

**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.**

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

**Method Study :** Method study focuses on improving the way tasks are performed by analyzing and designing the best work method. It is concerned with finding the most efficient way to carry out a job or a series of tasks. The goal is to reduce unnecessary motions, eliminate waste and increase productivity without sacrificing quality.

Techniques of method study are flow process chart, workplace layout analysis, operation charts and critical examination.

**2. Time Study :** Time study is the process of measuring the time required to perform a job under standard working condition. It involves the use of stop watches to record the time taken for each element of a task, aiming to establish standard times for completing tasks. This helped in deciding the number of workers to be employed for task, determining their wages etc.

Techniques of time study are stopwatch time study, work sampling, standard data systems and activity sampling.

**Q. 34. (A) Explain the four elements of marketing mix. 6**

*Or*

**(B) Explain any four factors affecting determination of the price of a product or service. 6**

**Ans. (A) Elements of Marketing Mix :** Elements of marketing mix are product, price, place and promotion.

**1. Product :** Product means goods or services or anything of value which is offered to the market for sale e.g. LG offers large number of electronic items like televisions, refrigerators, mobiles etc. Product concept include extended product or what is offered to the customers by way of offer sales services.

The important product decisions include deciding about features, quality, packaging, labelling and branding of the products.

**2. Price :** Price is the amount of money which customers have to pay to obtain the product. It is very crucial element of marketing mix as customers are highly price sensitive while fixing the price of a commodity, the marketer should keep some factors in mind such as pricing objectives, product cost, the extent of competition in the market, customer's demand and legal regulations and marketing methods used.

**3. Place :** It is essential to make the product or service available to the customer at the right place and at right time, then only the customer would be able to purchase the product or service. Place is an element of marketing and is a process of transferring goods from place of production to place of consumption. Therefore, place mix is an important decision and is related to the physical distribution of goods and services to the customers. The decision under place mix include deciding the market for distribution, channel of distribution etc.

**4. Promotion :** The last element of marketing mix is promotion which includes activities undertaken by marketer to communicate with customers and distribution channels so they can enhance the sales of the firm. Through promotional communication, an organisation's aim is to inform and persuade the

customer to purchase the goods and inform him/her regarding the benefit of product some of important decisions under promotion mix are selecting a media to advertise the product, selecting promotional techniques public relations etc.

*Or*

**(B) Factors Affecting Price determination :** The various factor, which are considered while fixing price of a product are :

**1. Product cost :** Important factor to keep in mind while deciding the price of product is the cost of the product. The price of the product fixed by organisation must cover the total cost of the product. Here total cost includes fixed cost and variable cost of the product. Fixed cost are the cost of product which does not change whether production level gets lower high variable cost are cost of product or services which changes with changes in production level. The organisation fixes the price of a product after calculating the total cost.

**2. Demand and utility of a customer :** When demand for product is elastic. It means that there are various substitutes for that Product available in market and organisation has to bring down the price of product. However, when the demand is inelastic. It means that there are very less substitutes for that product available in the market and organisation can fix a high price for the product.

**3. Extent of competition in the market :** The next factor affecting the price of manufactured good is the nature and degree of competition in the market. A firm can fix any price for its product if degree of competition is low. However, when there is competition in the market, price is fixed after keeping in mind the price of the substitute goods.

**4. Government Legal Regulations :** The firms which have monopoly in the market, habitually charge a high price for their products. In order to protect the interest of public the government interveins and regulates the prices of the commodities for this purpose. It declares some products as indispensable products. For example, life saving drugs etc.

**5. Marketing methods used :** A range of marketing methods such as circulation system, quality of salesman marketing patron services etc. also affects the price of manufactured goods. For instance, an organisation will charge sky scraping revenue if it is using classy material for wrapping its product.

**6. Pricing objectives :** Profit maximizing, obtaining market share, leadership, surviving in a competitive market and attaining product quality leadership are the pricing objectives of an enterprise by and large, firm charges higher prices to cover high quality and high cost. If it is backed by the above objective.

## MODEL ANSWERS

# Holy Faith New Style Sample Paper-1

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS – 12th  
BUSINESS STUDIES

Time Allowed : 3 Hours

Maximum Marks : 80

### General Instructions :

Read the following instructions very carefully and strictly follow them :

- This question paper contain 34 questions. All questions are compulsory.
- 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 in about 150 words.
- Answers to the questions carrying 6 marks may be in about 200 words.
- Attempt all parts of a question together.

**Q. 1. The managers at ..... level of management are responsible for the welfare and survival of an organisation.** 1

- (a) top (b) middle  
(c) lower (d) All of these.

Ans. (a) top

**Q. 2. .... is a factor affecting the capital structure of a company.** 1

- (a) Cash flow position  
(b) Flexibility  
(c) Control consideration  
(d) All of these.

Ans. (d) All of these.

**Q. 3. Which of the following is the primary aim of financial management.** 1

- (a) Optimum utilisation of resources  
(b) Link present with future  
(c) Ensures availability of funds wherever required.  
(d) Wealth maximisation.

Ans. (d) Wealth maximisation.

**Q. 4. The step in the process of 'Planning' which is concerned with putting the plan into action, i.e. doing what required is called :** 1

- (a) implementing the plan  
(b) follow-up action  
(c) developing premises  
(d) selecting an alternative.

Ans. (a) implementing the plan.

**Q. 5. Arrange the following steps in the process of controlling in the correct sequence. 1**

- Measurement of actual performance
- Analysing deviations
- Comparing actual performance with standards
- Setting performance standards.

Choose the correct option :

- (a) (i), (ii), (iv), (iii) (b) (iii), (ii), (i), (iv)  
(c) (iv), (i), (iii), (ii) (d) (ii), (iii), (i), (iv).

Ans. (c) (iv), (i), (iii), (ii)

**Q. 6. .... is a Joint Programme between educational institutes and the business firms.** 1

- (a) Vestibule training  
(b) Internship training  
(c) Apprenticeship programme  
(d) None of these.

Ans. (b) Internship training.

**Q. 7. Match the techniques of Scientific Management in Column I with their objectives in Column II.** 1

Column-I	Column-II
A. Method Study	(i) Elimination of unnecessary movements.
B. Motion study	(ii) Determination of standard time for a well defined job.
C. Time Study	(ii) Find out one of best -way doing the job.

- (a) A–(i), B–(ii), C–(iii)  
 (b) A–(iii), B–(i), C–(ii)  
 (c) A–(iii), B–(ii), C–(i)  
 (d) A–(ii), B–(iii), C–(i).

Ans. (b) A–(iii), B–(i), C–(ii).

**Q. 8. Which of the following standardisation marks is used for gold jewellery ?** 1

- (a) ISI (b) FPO  
 (c) Hallmark (d) AGMARK.

Ans. (c) Hallmark.

**Q. 9. Which of the following is not an advantage of delegation ?** 1

- (a) Effective management  
 (b) Better control  
 (c) Employee's development  
 (d) Basis of management hierarchy

Ans. (b) Better control.

**Q. 10. The financial incentive offered over and above the wage/salary to an employee is**

- ..... 1  
 (a) Bonus  
 (b) Productivity linked wage incentive  
 (c) Profit sharing  
 (d) Perquisites.

Ans. (a) Bonus.

**Q. 11. Read the following statements carefully.** 1

**Statement-I : Recruitment is a positive process**

**Statement-II : External sources of recruitment gives satisfaction to the existing employees.**

**Choose the correct option from the options given below :**

- (a) Statement I is true and II is false  
 (b) Statement II is true and I is false  
 (c) Both the statements are true  
 (d) Both the statements are false.

Ans. (a) Statement I is true and II is false.

**Q. 12. Shivani saw 'Buy one get one free' printed on the label of package of mosquito repellent. The function which labelling is performing here :**

- (a) gives information to consumer  
 (b) describes the product and specifies its content  
 (c) promotes the product  
 (d) All of these. 1

Ans. (c) promotes the product.

**Q. 13. Grouping of activities on the basis of functions form a :** 1

- (a) decentralised structure  
 (b) functional structure  
 (c) centralised structure  
 (d) None of these.

Ans. (b) functional structure.

**Q. 14. To get the benefit of the hi-tech consumers who made use of computer more in their lives, TATA Sons even launched a website for e-greeting.' Which dimensions of business environment is reflected here ?** 1

- (a) Economic environment  
 (b) Technological environment  
 (c) Social environment  
 (d) Political environment.

Ans. (b) Technological environment

**Read the following statement-Assertion (A) and Reason (R).**

**Choose the correct alternative from those given below :**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).  
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)  
 (c) Assertion (A) is true but Reason (R) is false  
 (d) Assertion (A) is false but Reason (R) is true.

**Q. 15. Assertion (A) : Communication acts as basis of coordination.**

**Reason (R) : We must always clarify the idea before communication.** 1

Ans. (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)

**Q. 16. Concentration of decision making functions at the open of management hierarey is called .....** 1

- (a) decentralisation  
 (b) delegation  
 (c) organisation of structure  
 (d) centralisation.

Ans. (d) centralisation.

**Q. 17. Statement I : Electronic holdings can be converted into physical certificates with the process of dematerialisation.**

**Statement II : There is no danger of theft, loss or forgery of share certificates in dematerialisaton.** 1



Choose the correct option from the following :

- (a) Statement I is true and Statement II is false
- (b) Statement II is true and Statement I is false
- (c) Both the statements are true
- (d) Both the statements are false.

Ans. (b) Statement II is true and Statement I is false.

**Q. 18. Which of the following function of management measures the progress of objectives and guides the organisation to keep it on right track so that organisational goals might be achieved ?”**

1

- (a) Planning
- (b) Staffing
- (c) Directing
- (d) Controlling.

Ans. (d) Controlling.

**Q. 19. A company dealing in apparels has decided to clear its stock. It has a huge pile of unsold stock in all its branches across the country. It has decided to give discount on its products. It even has decided to go for various shows in different colleges. They also have decided to sponsor a few events.**

**Identify the marketing management philosophy highlighted above.**

1

- (a) Marketing concept
- (b) Selling concept
- (c) Production concept
- (d) Product concept.

Ans. (b) Selling concept.

**Q. 20. Which type of recruitment gives the management a wider choice while selecting the people for employment ?**

- (a) External recruitment
- (b) Internal recruitment
- (c) Recruitment through labour contractor
- (d) None of these.

Ans. (a) External recruitment.

**Q. 21. Differentiate between functional and Divisional structure on the basis of :**

3

- (a) Formation
- (b) Responsibility
- (c) Cost involved.

Ans. **Basis Functional structure**

- (a) **Formation** : It is formed on the basis of functions or activities performed.
- (b) **Responsibility** : This is difficult to fix responsibility for success or failure of a product.

- (c) **Cost involved** : It is economicals functions are not duplicated.

**Divisional structure**

- (a) **Formation** : It is formed in the basis of product lines or area of operation.
- (b) **Responsibility** : It is easy to fire the responsibility for the performance.
- (c) **Cost involved** : It is costly as there is duplication of resources and functions in departments.

**Q. 22. Aditya Ltd. is in need of finance to expand the business. The finance Manager, Ramit is looking into different sources of funds available. After doing the cost and risk analysis, he found, debt as the best option but as the company has to pay huge insurance Premium for the Plant and Machinery and lease for building, the decision was taken to raise funds through equity.**

**Identify and explain the factor which affected this decision.**

3

Ans. The factor which affected the financing decision of Aditya Ltd. is fixed operating costs.

**Fixed Operating Cost** : Debt financing increases fixed operating cost of concern namely interest. Hence if a business has higher fixed operating cost in the form of building rent insurance premium salaries etc. then lower debt financing is better. If fixed operating costs less, then debt financing can be preferred.

**Q. 23. Royal Pvt. Ltd. is a Publishing Company. Its book on Economics for Class XI is in great demand. As a result the employees in the marketing department are always racing against time as they have to work overtime and on holidays as well to cater to the demand. The work stress has led to dissatisfaction among the employees of marketing department.**

3

**(a) Name and explain the step of staffing Process which has not been performed properly.**

**(b) Also, explain the immediate next step in Process of staffing.**

Ans. The step of staffing process which has not been performed properly is :

- (a) Estimation of manpower requirements operationally, understanding the manpower requirement would necessitate work load analysis on the one hand and work force analysis on the other.
- (b) The next stage immediately following the step estimation of manpower requirements is

recruitment. Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

**Q. 24. State any three functions of stock exchange.** 3

**Ans.** The functions of stock exchange are :

- (a) Stock exchange provides liquidity and marketability to existing securities by creating a continuous market where securities are bought and sold. It gives them the chance to invest and disinvest.
- (b) A stock exchange is a mechanism of constant valuation through which prices of securities are determined by market forces of demand and supply.
- (c) Stock exchange answers wider share ownership by regulating new issuer better trading practice and taking effective steps in educating the public about investment.
- (d) It provides sufficient scope for speculative activity in restricted and controlled manner.

**Q. 25. Explain the following leadership styles.** 4

- (a) Auto cratic leadership
- (b) Laissez faire leadership

**Ans. (a) Auto cratic leadership :** An auto cratic leader gives orders and expects his subordinates to obey those orders. This leadership style is effective in getting. Productivity quick decision making is also facilitated.

**(b) Laissez faire leadership :** Such a leader does not believe in the use of power unless it is absolutely essential. The followers are given high degree of independence to formulate their own objectives or ways to achieve them. The manager is only there to support them and supply them the required information to complete the task assigned.

**Q. 26. Mr. Rahul a 20 years old college student Purchased a book online from XYZ Pvt. Ltd. and when it was delivered, he noticed that there was no MRP mentioned on it. He browsed the internet and found that book was sold at different prices in different places. He filed a case in District forum against Publisher. The Court held in favour of Rahul and awarded a compensation of ₹ 10,000.**

**(a) Identify and state the consumer right violated in the above case.**

**(b) Name and explain the right exercised by Mr. Rahul.** 4

**Ans. (a) Right to be informed :** According to this right, a consumer has right to have complete information about the product he intends to buy including its ingredients date of manufacture, price, quantity, direction for use etc.

**(b) Right to seek redressal :** According to this right a consumer has the right to get relief in case of 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 consumer etc.

**Q. 27. State how the following factors affect the working capital requirement of a company.** 4

- (i) Seasonal factors
- (ii) Production Cycle
- (iii) Operating efficiency.

**Ans. (i) Seasonal factors :** (a) In peak season, demand for a product will be high and thus high working capital requirement will be more as compared to lean season.

(b) Most Business have some seasonality in their operations. In peak season, because of higher level of activity, larger amount of working capital is required.

(c) As against this, the level of activity as well as the requirement for working capital will be lower during the lean season.

**(ii) Production cycle :** (a) Production cycle is the time span between receipt of raw material and their conversion into finished goods.

(b) Some business have a longer production cycle while some have a shorter one.

(c) Duration and length of the production cycle affects the amount of funds required for raw material and expenses.

(d) Working capital requirement is higher in form with longer processing cycle and lower in forms with shorter processing cycle.

**(iii) Operating efficiency :** (a) Operating efficiency refers to minimise wastage of resources.

(b) This is reflected in a higher inventory turnover ratio.

(c) Better sale effort may reduce the average time for which finished goods inventory is held.

Such efficiencies may reduce the level of raw materials finished goods and debtors resulting in lower requirement of working capital.

Or

**What do you mean by Management of fixed capital ? Why is it important ?**

**Ans.** Management of fixed capital involves allocation of firm's capital to different projects or assets with long term implication on for the business. These decisions are called investment decisions or capital budgeting decision and affect the growth, profitability and risk of the business in the long run. The management of fixed capital is important for following reasons :

- (a) Long term growth and effects
- (b) Large amount of funds involved
- (c) Risk involved.

**Q. 28. Give the meaning of capital market. Differentiate between capital market and money market on the basis of the following.**

**(a) Participants**

**(b) Investment outlay**

**(c) Duration.**

4

**Ans.** Capital market refers to facilities and institutional arrangements through which long term funds both debt and equity are raised and invested. It consists of a series of channels through which savings of community are made available for. Industrial and commercial enterprises and for the public in general. It directs these savings into their most productive use leading to growth and development of the economy. It consists of development banks, commercial banks and stock exchanges.

**Basis of Capital Market**

- (a) **Participants :** It deals in medium term and long term securities
- (b) **Investment outlay :** Investment outlay is small
- (c) **Duration :** The participant scale RBI, financial institution, banks and corporates.

**Money Market**

It deals in short term securities.

Investment outlay is large.

The participants are financial institution is banks foreign investors and retail investors.

**Q. 29. Considering the inadequate job opportunities and too many aspirants for jobs, Alen Pvt. Ltd. decided to give its**

**employees certain stability about future income and work so that they do not feel worried on these aspects. As a result, the employees of Alen Pvt. Ltd. are now working with greater Zeal.**

**Identify the incentive discussed in the above lines and state three more incentives of same type.**

4

**Ans.** The incentive given by Alen Pvt. Ltd. to its employees is job security.

The three other non-monetary incentives are :

**(a) Status :** Status means ranking of positions in the organisation. The authority responsibility and prestige of job indicate the status given to person holding a managerial position.

**(b) Organisational climate :** It indicates the characteristics which describe an organisation and distinguish one organisation from the other.

Those characteristics influence the behaviour of individuals in the organisation.

If managers take positive measures regarding these aspects. It helps to develop better organisation climate.

**(c) Job enrichment :** If jobs are enriched and made interesting, job itself becomes a source of motivation to the individuals.

**(d) Employee Participation :** It means involving employee in decision making of issues related to them. In many companies these programmes are in practice in form of joint management committee, work committees, canteen committees etc.

**Q. 30. In order to improve employee Productivity and increase employee morale, Z Ltd. adopted various ways of training such as :**

**(a) Mr. Ramesh was provided equipments which were similar to those which he would be using.**

**(b) Naresh and Rakesh were put under guidance of master worker to acquire high level of skill.**

**Identify the methods of training adopted by Z Ltd. in Parts (a) and (b).**

4

**Ans.** It is vestibule training : Under which actual work environment is created and employees are trained on the same equipment, machines, files and materials on which they will be working in the real work situations. Thus the workers get trained to use and handle sophisticated machinery without creating any

damage to them.

- (b) **It is apprenticeship training :** Under which trainee is put under guidance of the master works. The trainer learns the skill by observing the master and by getting his guidance while performing the job. This training offered to wide range of jobs such as mechanics, electricians, computer operators. Each apprentice is given a programme with predesrmined schedule which provides for efficient training and acquisition of trade skills.

*Or*

**State any three reasons as to why controlling is regarded as an indispensable function of management.**

**Ans. Controlling :** Controlling is the process through which managers assure that the actual activities conform to planned activities. It is through control that managers ensure the execution of plans and achievement of goals. It is required everywhere manageus at all level of management need to perform controlling functions to keep a control over activities in their areas.

The features of controlling function of management are :

- (a) **Goal oriented process :** It is goal oriented function. It aims to ensure that resources are used properly to achieve predetermined goals.
- (b) **Pervasive function :** It is pervasive function as it is used in the organisation of varying types and sizes at all levels.
- (c) **Forward looking :** It is considered to be forward looking function as. It helps to improve the future performance on the basis of experience gained on past efforts.

**Q. 31. Explain the following characteristics if management.**

- (i) **management is a goal oriented process**
- (ii) **management is a continuous process**
- (iii) **management is all pervasive**

**Ans. (i) Management is a goal Oriented Process :** An organisation has a set of basic goals which are basic reason for its existence.

- (a) Goals should be simple and clearly stated.
- (b) Management unites the efforts of different individuals in the organisation towards achieving these goals.
- (c) For example 100 cars to be produced in a year.

- (ii) **Management is a continuous Process :** • Management is an ongoing series of continuous composite but separate function (planning organising, directing, staffing and controlling) simultaneously performed by all managers on a continuous basis.

- (a) Management is a never ending process.

- (iii) **Management is all pervasive :** • Management activities are universally applicable all types of organisation is (whether it is profit or non-profit organisation, big or small all level (top middle and operational) and all departments (production, marketing, finance etc.)

- (a) Thereby all organisations require management to handle their operations effectively and efficiently.

- (b) For example, what managers do in India, the USA, Germany or Japan is the same. (6)

*Or*

- (b) **Management is considered to be both anart and science” Discuss. 6**

**Ans. Management as an Art :** Art is the skill ful and personal application of existing knowledge to achieve desired results management is an art as it satisfies all the characteristics of art like as the oretical knowledge, personalised application and based on practice and creativity.

**Management as a Science :** Science as a systematised body of knowledge that explain certain general truths or the operations of general laws. Like a science, management has a systematised body of knowledge that explains general truths and factual situation. But it is not considered as a perfect science as it is concerned with human behaviour which is unpredictable.

**Management both Science and Art :** Management as a science as well as an art because. It is a combination of an organised body of knowledge and skilful application of this knowledge. (6)

**Q. 32. Explain the following points of importance of ‘organising function of management.**

- (i) **Benefits of specialisation**
- (ii) **Clarity in working relationships**
- (iii) **Adaptation to change. 6**

**Ans. (i) Benefits of specialisation :** Organising leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity.



- (a) This division of work into a smaller units and repetitive performance leads to specialisation.
- (b) Thus organising promotes specialisation which in turn leads to efficient and speedy performance of tasks.
- (ii) **Clarity in working relationships** : The establishment of working relationship classifies lines of communication and specifies who is to report to whom.
  - (a) The superior subordinate relationship as clearly defined an organising.
  - (b) It helps in creating a hierarchical order. It helps in creating well defined jobs and also clarifying the limits of authority and responsibility of each job.
- (iii) **Adaption to change** : A properly designed organisational structure as flexible which facilitates adjustment to change in workload caused by change in external environment related to technology, products resources and markets.
  - (a) It paves the way for a smooth transition.
  - (b) It also provides much needed stability to enterprise as it can then continue to survive and grow inspite of change.

**Or**

**Explain the following points of importance of delegation.**

- (i) **Effective management**
  - (ii) **Employee development**
  - (iii) **Better coordination**
- Ans. (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. Freedom from doing routine work provides them with opportunities to excel in new areas.
- (ii) **Employee development** : Employees get more opportunities to utilise their talent which allows them to develop those skills which will enable them to perform complex tasks.
- (a) Thus, delegation helps by preparing better future managers.
  - (b) Delegation empowers the employees by providing them with the chance to use their skills gain experience and develop themselves for higher positions.
- (iii) **Better coordination** : The elements of delegation authority, responsibility and accountability help to define the powers, duties and answerability related to various job positions which results in developing and maintaining effective coordination.

- (a) This helps to avoid overlapping duties and duplication of efforts.

**33. Identify and explain the type of plans in the following cases.**

- (a) **'Ananta Travel and Tourism Pvt. Ltd.'** is providing tourism and hospitality services to its customers. To achieve its objectives the company prepares a comprehensive environment.
- (b) **Ramit is Chief Executive officer of 'Rai Ltd.'** He developed the broad Parameters within which the Managers may function. By doing so, he tried to provide a base for interpreting strategy which was stated in general terms. 6

**Ans. (a) Strategy** : A strategy provides the broad contours of an organisation is business.

- (i) It also refers to future decisions defining the organisations, directions and scope in the long run.
- (ii) Thus, we can say a strategy is a comprehensive plan for accomplishing an organisation objective.
- (iii) Whenever a strategy is formulated the business environment needs to be taken into consideration. The changes in the economic political, social, legal and technological environment will effect its organisation strategy.
  - For example, a company "marketing strategy has to address certain questions, i.e. who are the customers ? What as the demand for the product ? Which channel of distubution to use ? What is the pricing policy ? How do we adverties the product ? etc.
- (b) **Policy** : • Policies are general statement that guide thinking or channelise energies towards a particular direction.
  - (i) Policies provides a basis for interpreting strategy which is usually stated in general terms.
  - (ii) They are guides to managerial action and decisions in the implementation of strategy.
  - (iii) There are policies for all lends and departments in the organisation ranging from major company policies to minor policies.
  - (iv) Policies define the broad parameters within which a manager may function. The manager may use his descretion to interpiet and apply a policy. For example promotion policy.

34. Aditya is engaged in trading of Smart televisions. He purchases three televisions from Vicky Electronics the manufacturer. All the televisions are certified by 'Bureau of Indian standard' During Deepawali season, 'Vicky Electronics' supplied some defective television sets to Aditya. Aditya is getting complaints about televisions from almost all the customers.

(a) Who amongst the following can exercise has right and against whom ?

(i) Aditya (ii) Vicky Electronics  
(iii) Consumers

(b) Define consumer as per provision of Consumer Protection Act 2019.

(c) State the 'Right' which can be exercised to get relief. 6

Ans. (a) Consumers against vicky electronics wholes product seller and selling products having manufacturing defect.

(b) As per the act a person is called a consumer who avails the services and buys any good for self use worth to mention that if a person buy any good or avails any service for resale or commercial purposes helps not considered a consumer. This definition covers all types of transactions, *i.e.* offline and online through teleshopping, direct selling or multi-level marketing.

(c) The consumer right which can be exercised to get relief is right to seek redressal. According this right, a consumer has the right to get relief against unfair trade practice of restrictive trade practices, exploitation in case the product or a service falls short of his expectations. The consumer protection. Act 2019 provides for redressal 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.

# Holy Faith New Style Sample Paper–2

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS – 12th

BUSINESS STUDIES

Time Allowed : 3 hours

Maximum Marks : 80

General Instructions : Same as Holy Faith New Style Sample Paper – 1

**Q. 1. The next step in the process of Selection after Job offers :** 1

- (a) medical examination
- (b) selection decision
- (c) employment interview
- (d) contract of employment.

**Ans.** (d) contract of employment.

**Q. 2. Which of the following is the primary aim of financial Management ?** 1

- (a) Optimum utilisation of resources
- (b) Link present with future
- (c) Ensures availability of funds wherever required
- (d) Wealth maximisation.

**Ans.** (d) Wealth maximisation.

**Q. 3. Choose the function of Management responsible for motivating employees and giving instructing to them to perform the tasks assigned to them.** 1

- (a) Planning (b) Staffing
- (c) Directing (d) Controlling.

**Ans.** (c) Directing.

**Q. 4. Under which concept of marketing, greater emphasis was placed on improving the production and distribution efficiency of the firms.** 1

- (a) Product concept
- (b) Production concept
- (c) Marketing concept
- (d) Selling concept.

**Ans.** (b) Production concept.

**Q. 5. Management translates ..... in terms of ..... to be achieved.** 1

- (a) work, goals
- (b) policies, objectives
- (c) humans, resources
- (d) techniques, resources.

**Ans.** (a) work, goals.

**Q. 6.** Read the following statement Assertion (A) and Reason (R) and choose one of correct alternatives given below : 1

**Assertion (A) :** Delegation is a prerequisite to efficient functioning of an organisation.

**Reason (R) :** It enables a manager to use his time on high priority activities.

**Alternatives :**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true.

**Ans.** (a) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).

**Q. 7. In case a consumer is not satisfied with order passed by District commission, he can further make an appeal in the state commission with in time period of :** 1

- (a) 130 days (b) 20 days
- (c) 45 days (d) 10 days.

**Ans.** (c) 45 days.

**Q. 8. Saurav has Joined as creative Head in an entertainment company. He always ensures that the work has been divided into small and Manageable a activities and also the activities of similar nature are grouped together.**

**Identify the related step in organising process being mentioned in the above lines.**

- (a) Identification and division of work
- (b) Departmentalisation
- (c) Assignment of duties
- (d) Establishing reporting relationships. 1

**Ans.** (b) Departmentalisation.

**Q. 9. Read the following statement carefully**  
**Statement I : Planning is the most challenging activity for the management as it guides all future actions.**

**Statement II : Sometimes, the cost incurred for planning may not justify the benefits derived from the plans. 1**

**Choose the correct options given below :**

- (a) Statement I is true and Statement II is false  
 (b) Statement II is true and Statement I is false  
 (c) Both Statements are true  
 (d) Both Statements are false.

**Ans. (c) Both Statements are true**

**Q. 10. Hiring of employee is done by : 1**

- (a) top level management  
 (b) middle level management  
 (c) supervisory level management  
 (d) All of the above.

**Ans. (b) middle level management**

**Q. 11. Match the various types of communications in column-I with their respective statements in column-II and choose the correct alternative. 1**

Column-I	Column-II
A. Downward communication	(i) Application for grant of leave
B. Upward communication	(ii) Production manager contact marketing manager.
C. Horizontal Communication	(ii) Sending notice to employees to attend a meeting.

- (a) A– (ii), B–(iii), C–(i)  
 (b) A–(iii), B–(ii), C–(i)  
 (c) A–(iii), B–(i), C–(ii)  
 (d) A–(i), B–(ii), C–(iii).

**Ans. (a) A– (ii), B–(iii), C–(i).**

**Q. 12. Which of the following is not a limitation of planning ? 1**

- (a) Rigidity (b) Costly  
 (c) Time consuming (d) Basis of control.

**Ans. (d) Basis of control.**

**Q. 13. Which of the following is not an advantage of delegation ? 1**

- (a) Effective management  
 (b) Better control

- (c) Employee's development  
 (d) Basis of managerial hierarchy.

**Ans. (b) Better control.**

**Q. 14. Ranveet is a middle level manger. He keeps all his subordinates under a lot of discipline. His employees, complain of wastage of time and efforts as they feel that nothing is being assigned in a proper way and a proper place. Also no proper schedule is made for working.**

**Which principle of management is violated in given paragraph ? 1**

- (a) Discipline (b) Equity  
 (c) Division of work (d) Order.

**Ans. (d) Order.**

**Q. 15. .... is broader in scope than ..... 1**

- (a) Training, development  
 (b) Development, training  
 (c) Staffing, training  
 (d) Training, staffing.

**Ans. (b) Development, training.**

**Q. 16. An ideal control technique should concentrate on key aspects of performance as it is not possible for management to control each and every activity due to limited time. Identify the concept used in given lines. 1**

- (a) Management by exception  
 (b) Management by control  
 (c) Critical point control  
 (d) Both (a) and (c).

**Ans. (c) Critical point control**

**Q. 17. Statement I : Debt is more risky as compared to equity.**

**Statement II : Payment of dividend and return of principal amount is obligatory for the business in case of equity.**

- (a) Statement I is true and statement II is false  
 (b) Statement II is true and statement I is false  
 (c) Both the statements are true  
 (d) Both the statements are false. 1

**Ans. (a) Statement I is true and statement II is false**

**Q. 18. .... is issued to provide bridge financing**

- (a) Commercial bill (b) Call money  
 (c) Treasury bill (d) Commercial paper.

**Ans. (d) Commercial paper.**



**Q. 19. .... is a process of classification of products into different groups on the basis of some important characteristics such as quality, size etc.**

- (a) Standardisation
- (b) Grading
- (c) Product development
- (d) Selling. 1

**Ans. (b) Grading.**

**Q. 20. XYZ Ltd. has debt equity ratio of 3 : 1, whereas ABC Ltd. has debt equity ratio of 1 : 1. Name the advantage of XYZ Ltd. will have over ABC Ltd., when rate of interest is lower than rate of return on investment of the company.**

- (a) Trading on equity
- (b) Low risk
- (c) Low cost of equity
- (d) Greater flexibility. 1

**Ans. (a) Trading on equity.**

**Q. 21. Samsung Ltd. wants to Modify its existing product, home theatre systems in the market due to decreasing sales :**

- (i) Which feature of management is highlighted in above line ?
- (ii) What decision/step should each level of management take to give effect to this decision ? 3

**Ans. (i) Dynamic nature of management is highlighted in the above lines.**

- (ii) In the given case Samsung Ltd. wants to modify its existing product. For this function to be performed by each level of management are :

**Functions of Top level Management**

- (a) They must develop long term objectives like expansion of business and manpower planning.
- (b) They should frame policies for departments like production, sales etc.

**Functions of Middle Level Management**

- (a) They must implement the policies framed by top level management
- (b) They must assign duties and responsibilities to operative and supervisory personnel.

**Functions of Lower Level Management**

- (a) They must supervise the work of workers
- (b) They must maintain the quality of work and minimise wastage of material.

**Q. 22. State the steps in the selection procedure, after employment interview and before the Job offer. 3**

**Ans.** The steps in selection procedure after employment interview and before job offer are as follows :

- (i) **Reference and background checks :** Money employers require names addresses and telephone numbers of references for purpose of verifying information and gaining additional information about applicant.
- (ii) **Selection decision :** The final decision has to be made from among the candidates who pass the tests, interviews and reference checks.
- (iii) **Medical examination :** After selection decision and before job offers made, the candidate is required to undergo a medical fitness test. This is not required for all the jobs.

**Q. 23. Recent years have been seen a high rise in number of fraudulant fund raising operations by different companies. They are making their way into poor and middle class people by living them with offers of high interest rates and returns. People are falling prey to such companies and their schemes. They face such risks that extend from loss of personal saving to loss of their jewellery and homes. Such frauds also have a considerable impact on becomes and markets by reducing the consumer's trust and confidence in legitimate business. Such companies are with and quick to alter their modus operation to reduce the risks of law enforcement detection and investigation.**

**(a) Which organisation has been setup to regulate such companies and their offers ?**

**(b) What are its objectives ? 3**

**Ans. (a) Securities and Exchange Board of India (SEBI)**

**(b) The objective of securities and Exchange board of India (SEBI) are :**

- (i) To regulate stock exchanges and securities industry to promote their orderly functioning.
- (ii) To protect the rights and interest of investors particularly individual investor and to guide and educate them.
- (iii) To prevent trading malpractices and achieve a balance between self regulation by securities industry and its statutory regulation.
- (iv) To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant Bankers etc. with a view of make then competitive and professional.

**Q. 24. "Authority can be delegated but accountability cannot." Explain the statement. 3**

**Ans.** According to principle of accountability, authority can be delegated but accountability cannot be delegated by a manager. The manager remains accountable to his own superior for the tasks which he may assign to his subordinates. In other words, the manager cannot escape from responsibility for any default on part of his subordinates. The process of delegation does not relieve the manager of his own responsibility and accountability every superior is responsible for the acts of his subordinates to whom he delegates authority for any work for example, if the foreman fails to get 100 units produced by workers in any day, he is responsible to his superior. He cannot escape by saying that the workers were at fault. Similarly the factory manager remains accountable to his superior for the work he entrusted to his foreman. He cannot escape from responsibility by passing on the blame to his foreman.

**Q. 25. Ritu Industries is a company manufacturing office furniture. The company choose to diversify its operations to improve its growth potential and increase market share. As the project was important many alternatives were generated for purpose and were thoroughly discussed among the members of organisation. After evaluating the various alternatives, Raman, the Managing Director of company decided that they should add 'Home Interiors and furnishing's as a new line of business activity. 4**

**(a) Name the framework which diversified organisation should adopt to enable it to cope with emerging complexity ? Give one reason in support of your answer.**

**(b) State any two limitations of this framework.**

**Ans.** Divisional structure will enable Ritu industries to cope up with emerging complexity as :

**(a)** New divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for new product line.

**(b)** Divisional heads are accountable for profits, as revenues and cost related to different divisions can be easily identified and assigned to them.

**The two limitations of this structure are :**

**(a)** It is costly and leads to duplication of activities across different products.

**(b)** Each divisional head focuses on his own division rather than on organisational interest.

**Q. 26. Identify the types of market in given statements.**

**(a) It is a market of short term funds which deal in monetary assets whose period of maturity is upto one year.**

**(b) It is the market for selling new securities. It contributes directly for capital formation as funds are transferred to deficit units from surplus units.**

**(c) It is the market for existing or second hand securities. It contributes indirectly to capital formation as funds are exchanged between surplus units only.**

**(d) It promotes orderly and healthy growth of securities market and protection of investors and also acts as the watch dog of the securities market. 4**

**Ans. (a)** Money market

**(b)** Primary market

**(c)** Secondary/stock market

**(d)** Securities and Exchange board of India (SEBI)

**Q. 27. Sumit purchased some medicines worth ₹ 1,000 for his wife from a chemist in the nearby market. But he did not take the cash memo for it from the chemist. After taking those medicines, the condition of his wife deteriorated and she had to be hospitalised later on through a laboratory test. It was certified that medicines were spurious.**

**(i) Can he file a case against chemist ? Justify your answer with help of suitable reason.**

**(ii) Explain any one responsibility which lacking in above case. 4**

**Ans. (i)** No, he cannot file a case against the chemist as he did not take cash memo for it from the chemist. A cash memo is the conclusive proof of purchase of goods.

- (ii) A consumer should always ask for a cash memo as it is proof of purchase required at the time of taking any action against a fraudulent seller.

*Or*

**Explain any two points of importance of consumer protection from the point of view of Business.** 4

**Ans.** Four points of importance of consumer protection from business point of view are given below :

(a) **Long term interest of business :** Businesses capture by market share only when they satisfy their consumers by providing good quality products at reasonable prices, providing after sale service and avoiding unfair trade practices etc. Satisfied consumers not only repeat sales but also provide good feed back. So It is necessary for businesses to protect their consumers if they want to succeed in long run.

(b) **Business uses society's resources :** Business organisations use resources which belongs to the society. Thus business organisations have a responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.

**Q. 28. Explain any four limitations of planning.** 4

**Ans.** Four limitations of planning are as follows :

(i) **Planning leads to rigidity :** Plans are drawn in advance and managers may not be in position to change them in light of changed conditions. This kind of rigidity in plans may create difficulty.

(ii) **Planning may not work in a dynamic Environment :** The business environment is not static. It keeps on changing organisation has to constantly adopt itself to such changes, since planning cannot foresee everything, there may be hurdle to effective planning.

(iii) **Planning reduces creativity :** The top management undertakes planning of various activities, whereas the middle managers are neither allowed to deviate from plans nor are they permitted to act on their own.

(iv) **Planning involves huge costs :** Huge costs are involved in formulating plan, detailed plans require mathematical and scientific calculations to ascertain facts and figures and to make accurate estimates regarding the future.

**Q. 29. In an organisation all the employees take things easy and are free to approach for minor queries and problems. This has resulted in everyone talking to each other and thus resulting in inefficiency in the office. It has also resulted in loss of secrecy and confidential information being leaked out. What system do you think the manager should adopt to improve communication ?** 4

**Ans.** In the given situation, informal communication is being followed in the organisation.

To improve the situation, formal system of communication should be followed as it fetches certain benefits like :

- (i) It ensures orderly flow of information.
- (ii) It helps in fixing responsibility as source of information can be located.
- (iii) It helps in maintaining authority relationship in the organisation.
- (iv) It facilitates control over the work performance of different employees.

**Q. 30. Rishika works as corporate event coordinator in an event management company. She has been made an overall official incharge for organising a painting exhibition for one of the clients of the company. For ensuring that the exhibition takes place successfully. She identifies the various activities involved and divides the wholework into various task groups like marketing committee, decoration committee and reception committee. In order to facilitate coordination within and among committee, she appoints a supervisor of each group.**

**In the context of the above paragraph.**

- (i) **Identify the function of management being performed by Rishika.**
- (ii) **Describe briefly the first three steps involved in performance of function of management as identified in point (i) of question.** 4

**Ans.** (i) The organising function of management is being performed by Rishika.

(ii) The steps involved in the process of organising are as follows :

(a) **Identification and Division of work :** In this step, it is with predetermined plans to avoid duplication of activities and ensures that

burden of work is being shared among the employees. For example, In bank the total work is divided among different employees.

- (b) **Departmentalisation** : In this step, it involves grouping of similar activities into departments, units sections etc. using several criteria as a basis to facilitate specialisation. For example sales and advertisement activities may be grouped under marketing department.
- (c) **Assignment of duties** : In this step, it is done to member as per their job positions. Once departments have been created each of them is placed under the charge of an individual. For example, sales manager must be assigned duties, relating to sales of product.
- (d) **Establishing reporting relationships** : In this step while assigning jobs, each member is told that from whom he has to take orders and to whom he will be accountable. The establishment of such clear reporting relationships help to create a well defined hierarchical structure. It may be laid down that employees involved in production will take orders from and be accountable to production managers.

*Or*

**State any four limitations of using internal sources of recruitment.** 4

**Ans.** The companies do not always avail internal sources of recruitment though economical, due to the following reasons:

- (a) **Kills fresh talent:** We can see in our surrounding, the private sector companies and even the banks, government are looking for fresh talent, and they are highly paid for their talents than the experienced ones. Therefore, if an organisation depends upon internal source of recruitment, completely, it would lose its opportunities to the competitors.
- (b) **Lack of enthusiasm:** If a company attempts to depend upon on the internal sources of recruitment, it will make the employees feel secured and they may become lethargic due to time bound promotions.
- (c) **No Scope for newly established Companies** : A newly established company cannot enjoy the benefit of internal sources for recruitment.
- (d) **Competitive spirit:** If the maximum vacancies are fulfilled through internal

sources, it may lower the competitive spirit, as the existing employees do not feel any threat from the new employees.

**Q. 31. Explain the following factors affecting the fixed capital requirement of a business.**

(i) Nature of business (ii) Scale of operations (iii) Technology upgradation.

**Ans. (a) (i) Nature of Business** : A trading organisation needs a lower amount of working capital as compared to manufacturing organisation, as trading organisation undertakes no processing work.

(ii) **Scale of Operations** : An organisation operating on large scale will require more inventory and thus. Its working capital requirement will be more as compared to small organisation.

(iii) **Technology upgradation** : Organisations using assets which become obsolete faste require more fixed capital as compared to other organisation.

*Or*

**Effective communication should adopt suitable measures to overcome the barriers of communication. Explain any four such measures.” 6**

**Ans. Communications** : It refers to process of exchange of ideas views, facts, feeling etc. between two or more persons to reach common understanding. Following are the measures to overcome barriers to communication.

- (i) Clarify the ideas before communication. Any issue to be communicated to subordinate should be clearly and completely studied and analysed by the superior.
- (ii) Consult others before communication consulting the subordinates before communicating the message help to gain their ready acceptance and willing cooperation.
- (iii) **Beaware of language, tone and content of message** : The language should be clear simple and easily understandable. Similarly the time and content of message should not provide any harm to dentiments of listeners rather it should stimulate them to give response.
- (iv) **Convey things of help and value to listeners** : It is always better to know the needs and interest of listeness before communicating the message.



**Q. 32. Ramneek is working as purchase manager in power sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager he is tough task master and expects strict compliance to organisational rules and procedures from his subordinates, on the other hand he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during launch breaks in the cafeteria. Many a times, these Chit-Chats help him to get an insight into views and opinions of his team members about the policies of the organisation. In the context of paragraph.**

- (i) Identify and explain the two types of organisations have been discussed.  
 (ii) State any three differences between types of organisations as identified in point (i) of the question. **6**

**Ans.** (i) The following are two types of organisations which have been discussed.

- (a) **Formal organisation :** It refers to the organisation structure which is designed by the management to accomplish a particular task.  
 (b) **Informal organisation :** It refers to network of social relations which emerges on its own due to formal sides and relationships among people.

(ii) The difference between formal organisation and informal organisation are :

S. No. Basis of difference Formal Organisation

1. Meaning Structure of authority relationships created by management.
2. Origin Arises as a result of company rules and policies.
3. Authority Arises by virtue of position in management.

#### **Informal Organisation**

Network of social relationship assignment of interactions among employees.

Arises as a result of social interaction.

Arises out of personal qualities.

*Or*

**Consumer Products are classified on different basis; durability of product is one of them. Explain any three types of products in this category.” **6****

**Ans.** On the basis of durability of products consumer products are classified as follows.

(i) **Non durable products**—The consumer products which are normally consumed in one or few uses are called non durable products e.g. toothpaste detergents, bathing soap etc.

(ii) **Durable Products**—Those tangible consumer products which normally survive many uses e.g. TV, radio, refrigerator, bicycle are referred to as durable products. These products are generally used for a longer period.

(iii) **Services**—Services are intangible in form by services we mean those activities, benefits or satisfaction that are offered for sale e.g. dry cleaning, watch repairs, cutting, postal services, services offered by doctor and a lawyer.

Following are the important features of services.

- (a) Services are intangible
- (b) A service is inseparable from its sources
- (c) Services cannot be stored
- (d) Services are highly variable as type and quality depend on the person providing them.

**Q. 33. Name the concept of management that binds together all the functions of management. Discuss its features. **6****

**Ans.** Coordination is the concept of management that binds together all the functions of management. Its features are as follows:

(a) **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.

(b) **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 manager. Operational level management coordinates the activities of its workers to ensure that work proceeds according to the plans.

(c) **Pervasive functions :** Coordination is required at all level of management due to inter dependent nature of activities of various departments. It integrates the efforts of different departments and different levels.

- (d) **Ensures unity of action :** Coordination secures unity of action in the realisation of a common purpose. It acts as binding force among different departments and functions with a aim to direct all the decisions and actions towards the fulfilment of organisational goals.
- (e) **Continuous process :** Coordination is a continuous process, which begins with planning and continuous till controlling. The top management plans for entire organisation. According to these plans, the organisational structure is developed and staffed. Directing executed the plans and controlling corrects the deviations between actual and planned performance and also provide valuable feed back for better planning in future.
- (f) **Deliberate function :** Every manager needs to coordinate the efforts of different persons to avoid confusion and chaos. He unifies and integrates the efforts in a proper direction. All this is done by manager in a conscious and deliberate manner.

**Q. 34. A reputed company had called for Annual general meeting of its shareholders. In the meeting the Board of Directors laid before the shareholders the financial statements disclosing the fact that the profits of the company have increased by 5% in the current financial year and they have maintained stable growth rate of 2-3% in earnings since the last six year. It was also brought to notice of investors that cash flow statement has shown an improvement in the cash flow position with major inflow from operating activites. Their stock is doing well in capital market as is visible from increase in its price over past few years. So raising additional fund. If rquired from capital market will not be problem at all. Since the company has to redeem some debentures in next accounting year so they have to transfer the required amount**

**to Debenture Redemption Reserve. The board also laid before shareholders the proposal to setup a new production capacity in Madhya Pradesh as they intend to increase their scale of operations Identify by quoting the lines, the factors which the Finance Manager needs to consider from this meeting while deciding the amount of profits to be distributed as dividend. 6**

- Ans.** The factors which the finance manager needs to consider from meeting while deciding the amount of profits to be distributed as dividend are as follows :
- (a) **Amount of earnings :** In the meeting, the Board of directors laid before shareholders the financial statements disclosing the fact that the profits of the company have increased by 5% in current financial year.
- (b) **Stability of earnings :** They have maintained stable growth rate of 2-3% in earnings since the last six years.
- (c) **Cash flow position :** It was also brought to the notice of investors that cash flow statement has shown in improvement in the cash flow position with major inflow from their operating activities.
- (d) **Capital market access :** Their stock is doing well in the capital market as its visible from increase in its price over past few years, so raising additional funds, if required from the capital market will not be problem at all.
- (e) **Legal constraints :** Since the company has to redem some debentures in the next accounting year so they have to transfer the required amount to debenture redemption reserve.
- (f) **Growth opportunities :** The board also laid before the shareholders the proposal to setup a new production capacity in Madhya Pradesh as they intend to increase their scale of operations.

# Holy Faith New Style Sample Paper–3

(Based on the Latest Design & Syllabus Issued by CBSE)

## CLASS – 12th BUSINESS STUDIES

Time Allowed : 3 Hours

Maximum Marks : 80

General Instructions : Same as Holy Faith New Style Sample Paper – 1

**Q. 1. Which of the following statement is not true for operational level of management ?** 1

- (a) It ensures the quality of the output.
- (b) It strives to reduce the wastage of resource
- (c) It is responsible for welfare and Survival of the organisation.
- (d) Its authority and responsibility is limited.

**Ans.** (c) It is responsible for welfare and Survival of the organisation.

**Q. 2. Read the following statement carefully :** 1

**Statement I :** In case of emergencies two persons at same level can directly communicate with each other.

**Statement II :** This has been provided so that communication is delayed.

Choose the correct option from given below :

- (a) Statement I is true and statement II is false
- (b) Statement II is true and statement I is false
- (c) Both the Statements are true
- (d) Both the Statements are false.

**Ans.** (a) Statement I is true and statement II is false

**Q. 3. Grapevines :** 1

- (a) Formal communication
- (b) Diagonal communication
- (c) Informal communication
- (d) Matrix communication.

**Ans.** (c) Informal communication.

**Q. 4. Name the first and largest depository presently operational in India.** 1

- (a) National Securities Depository Limited (NSDL)
- (b) Central Depository Services Limited (CDSL)

(c) National Stock Exchange (NSE)

(d) Over the Counter Exchange of India (OTCEI).

**Ans.** (a) National Securities Depository Limited (NSDL)

**Q. 5. Single use and standing plans are part of ..... planning process.** 1

- (a) Strategic
- (b) Departmental
- (c) Operational
- (d) All of the above.

**Ans.** (c) Operational.

**Q. 6. Sonia Sharma works in a readymade garments factory as a production manager. She was shifted to sales department without any substantial change in her responsibility and status.** 1

**Which type of recruitment is done in this case?**

- (a) Promotion
- (b) Transfer
- (c) Advertisements
- (d) None of above.

**Ans.** (b) Transfer.

**Q. 7. A manager should replace 'I' with 'We' in all his conversation with workers to foster team spirit. Which principle of management is being highlighted here ?** 1

- (a) Order
- (b) Equity
- (c) Discipline
- (d) Esprit de corps.

**Ans.** (d) Esprit de corps.

**Q. 8. Read the following statement-Assertion (A) and Reason (R) and choose one of correct alternatives given below :** 1

**Assertion (A) :** Warehousing creates time utility

**Reason (R) :** Warehousing bridges the gap between production and consumption of goods.

**Alternatives :**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is correct explanation of Assertion (A).

- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true.

**Ans.** (c) Assertion (A) is true but Reason (R) is false.

**Q. 9. Which of the following is not included in legal environment ?** 1

- (a) Administrative orders issued by government authorities.
- (b) Court Judgements
- (c) International relations of country
- (d) Business and tax laws.

**Ans.** (c) International relations of country.

**Q. 10. .... is the process of defining and grouping the activities of an enterprise and establishing authority relationships among them.** 1

- (a) Planning (b) Organising
- (c) Controlling (d) Directing.

**Ans.** (b) Organising.

**Q. 11. RV Steel Ltd. is a steel manufacturing company located in India. It is enjoying buoyant demand for its products as economic growth is about 9 to 10 per cent and demand for steel is growing. The company has decided to setup a new plant to cash on the increased demand. It is estimated that it will require about ₹ 5,000 crore to setup and about ₹1,000 crores of working capital to start the new plant.**

**Identify the decision taken by the financial manager in above case :** 1

- (a) Financing Decision
- (b) Investment Decision
- (c) Dividend Decision
- (d) Capital Structure Decision.

**Ans.** (b) Investment Decision.

**Q. 12. Match the specialist foreman under functional foremanship given in column-I with Job assigned to them given in column-II and choose the correct alternative :** 1

**Column-I**

- A. Instruction card Clerk
- B. Inspector
- C. Gang Boss
- D. Time and Cost Clerk

**Column-II**

- (i) Prepare time and cost sheets
- (ii) Draft Instructions for workers.
- (iii) Checks quality of work.
- (iv) Keeps Machines and tools ready for operation by workers.

- (a) A- (i), B-(iii), C-(ii), D-(iv)
- (b) A- (ii), B-(iii), C-(iv), D-(i)
- (c) A- (iii), B-(ii), C-(i), D-(iv)
- (d) A- (i), B-(iv), C-(ii), D-(iii)

**Ans.** (b) A- (ii), B-(iii), C-(iv), D-(i)

**Q. 13. When the shares can be bought or sold at the price mentioned. It will be communicated to the broker's terminal and the order will be executed electronically.**

**The broker will issue a ..... to the investor** 1

- (a) trade confirmation slip
- (b) order confirmation slip
- (c) contract Note
- (d) None of the above.

**Ans.** (a) trade confirmation slip.

**Q. 14. Read the following statements carefully.**

**Statement I :** Controlling does not provide direction to all activities and efforts for achieving organisational goals.

**Statement II :** Controlling is not required in an educational, institution, hospital, club and in any business organisation. 1

Choose the correct option

- (a) Statement I is true and statement II is false
- (b) Statement II is true and statement I is false
- (c) Both the statements are true
- (d) Both the statements are false.

**Ans.** (d) Both the statements are false.

**Q. 15. Henry Fayol was a/an :** 1

- (a) Accountant
- (b) Mining engineer
- (c) Social scientist
- (d) Production engineer.

**Ans.** (b) Mining engineer.



**Q. 16.** The process that initiates implementation of plans by classifying Job, working relationships and effectively depleting resources for attainment of identified and desired result is called :

- (a) coordination (b) management  
(c) organising (d) delegation. 1

**Ans.** (c) organising.

**Q. 17.** On the successful completion of two years in a company. Harsh received a letter confirming his job as a permanent employee. Identify the need of Harsh being fulfilled as per Maslow's need Hierarchy Theory.

- (a) Esteem need  
(b) Security needs  
(c) Selfactualisation needs  
(d) Basic physiological needs. 1

**Ans.** (b) Security needs.

**Q. 18.** An ideal control technique should concentrate on key aspects of performance as it is not possible for management to control each and every activity due to limited time. Identify the concept used in the given lives.

- (a) Management by exception  
(b) Management by control  
(c) Critical point control  
(d) Both (a) and (c). 1

**Ans.** (c) Critical point control

**Q. 19.** ..... is issued to provide bridge financing

- (a) Commercial bill  
(b) Call money  
(c) Treasury bill  
(d) Commercial paper. 1

**Ans.** (d) Commercial paper.

**Q. 20.** Which of the following is not included in legal environment ?

- (a) Administrative orders issued by government authorities  
(b) Court judgements  
(c) International relations of the country  
(d) Business and tax laws. 1

**Ans.** (c) International relations of the country.

**Q. 21.** A good understanding of environment by business Managers enables them not only to identify and evaluate but also to react to forces external to the firm.

In the light of above statement, explain any three points of importance of understanding business environment by a manager. 3

**Ans.** The importance of Business Environment is as follows :

**(a) Help in identifying opportunities and making first mover advantage.**

(i) Opportunities refers the positive external trends or changes that will help a firm to improve its performance.

(ii) Understanding of business environment help an organisation in identifying advantageous opportunities and getting their benefits prior to competitors, thus reaping the benefits of being pioneer.

**(b) Help the firm to identify threats and early warning signals :** Threats refers to external environment trends and changes that will hinder a firm's performance.

• Correct knowledge of business environment help an organisation to identify those threats which may adversely affect its operations.

**(c) Help in tapping useful resources :** It makes available resources such as capital, labour, machines, raw material etc. to business firm.

**Q. 22.** State any three benefits of critical point control and management by exception. 3

**Ans.** The benefits of critical, point control and management by exception are :

(a) It save the time and efforts of managers as they deal with only significant deviations.

(b) There is better utilisation of managerial talent as managers focus on important areas.

(c) The routine problems are left to subordinates. Management by exception thus facilitates delegation of authority and increases the morale of employees.

(d) It identifies critical problems which need timely action to keep organisation on right track.

**Q. 23.** Mr. Sanjay is Chief Manager of L.T.M. Company that manufactures shirts the called the Production Manager and instructed him to keep a constant and continuous check on all the activities related to his department so that everything goes as per the set plan. He also suggested him to keep a track of the performance of all the employees in the organisation so that targets are achieved effectively and efficiently.

- (a) Describe any two features of controlling highlighted in above situation.
- (b) Explain any two points of importance of controlling. 3

**Ans.** The two features of controlling are :

- (i) Goal oriented function (ii) Continuous function
- (ii) The two importances of controlling are :
- (i) Achievement of organisational goal.
- (ii) Efficient utilisation of resources.

- Q. 24.** Raghav an employee in Yamaha Ltd. was instructed by Mr. Sarath to increase production of steel as there was an over purchasing of steel. On the other hand, Mr. Ratan (Sale manager/directed him not to increase steel production as there was low demand for steel in the market. Raghav got confused regarding whose order to follow and hence was unable to work in a proper manner because of overlapping order and instructions, Raghav was unable to satisfy both the bosses which led to conflict in organisation.
- (a) Name and state the principle not being followed in the given case.
- (b) Give any two advantages of the following principle identified in Part (a) above. 3

**Ans.** (a) The principle not being followed in given case is unity of command.

It states that each subordinate in a formal organisation should receive orders from and be responsible to only one superior.

- (b) The advantages of following unity of command are :
- (i) Better understanding among superior and subordinates
- (ii) Clear and well organised authority responsibility and accountability.
- (iii) Prevention of duplication of work.
- (iv) Prevents confusion regarding tasks to be done.
- (v) Prompt or Quick decision making
- (vi) Good, effective and efficient discipline. 3

- Q. 25.** Identify the technique of Scientific Management highlighted in given statement. 4
- (a) Its objectives is to find out one best way of doing a job.
- (b) It refers to the study of movement like lifting, putting objects, sitting and

- changing positions etc. which are under taken while doing a typical job.
- (c) It determines the standard time taken to perform a well defined job.
- (d) It aims at eliminating super fluous varieties, sizes and dimensions.

**Ans.** (a) Method study

- (b) Motion study
- (c) Time study
- (d) Simplification of work.

- Q. 26.** State any four specialised activities and duties performed by Human Resource Manager. 4

**Ans.** Human Resource Management includes many specialised activities and duties which the human resource personnel must perform these duties are :

- (a) Recruitment i.e. search for qualified people.
- (b) Analysing jobs, collecting information about jobs to prepare job descriptions, developing compensation and incentive plan.
- (c) Training and development of employees for efficient performance and career growth
- (d) Maintaining labour relations and union management relations.
- (e) Handling grievances and complaints.
- (f) Providing for social security and welfare of employees
- (g) Defending the company in law suits and avoiding legal complications.

- Q. 27.** Rohit is working with Yellow security services Ltd. He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and Punctuality. Rohit is well known in his village for providing employment to unskilled people.

- (a) Identify and explain the method of recruitment used by 'Yellow security services Ltd.'
- (b) Identify and explain the source of recruitment identified in Para (a) above. 4

**Ans.** (a) The method of recruitment used by 'yellow security services Ltd is labour contractor.

- (i) Organisations approach labour contractors for engaging low skilled workers or labourers.
- (ii) They supply the required workers to organisations especially engaged in manufacturing.
- (iii) Labour contractors maintain close contacts with labourers and they can provide the required number of unskilled workers at short notice.
- (iv) Workers are recruited through labour contractors who are themselves employers of organisation.
- (b) The source of recruited identified in part (a) is external source of recruitment.
  - (i) External sources of recruitment refers to hiring manpower from out side the organisation.
  - (ii) An enterprise has to tap external sources for various positions because all vacancies cannot be filled through internal recruitment.
  - (iii) The existing staff may be insufficient or they may not fulfill the eligibility criteria of the jobs to be filled.

*Or*

**Explain the following techniques of Scientific Management.** 4

**(i) Time Study (ii) Motion Study**

- Ans. (i)** The ultimate aim of scientific managements to maximise production at the minimum cost. Scientific managements introduced through the techniques of work study, standardisation, simplification etc.
- (ii) Time Study.** It refers to determine the standard time required to complete a particular activity. The standard time is determined on the basis of average time taken to complete the work. This study is conducted with the help of a stopwatch. The main objective of this study is to get the estimated figure of labour cost to determine the number required workers and to decide the suitable incentive plan.
- (iii) Motion Study.** This is the analysis of Physical movements in doing a work every work involves various forms of human movements such as lifting, holding, turning etc. Under motion study, each movements analysed to find out easier ways of doing the work and eliminate useless motions.
- Following steps are involved in motion study.
- (a) Selection of efficient workers
  - (b) Analysis of motions involved in a work
  - (c) finding the

minimum time involved in doing a work (d) keeping record of the best moves and unnecessary/unproductive actions.

**Q. 28. Write a short note on any four types of employment test.** 4

**Ans.** The different types of employment tests used in selection process are :

- (a) Intelligence test :** These tests measure the overall intellectual capacity or intelligence of an individual. These tests measures the ability to understand instructions and to make decision. These tests also reveals whether an individual has capacity to deal with new problem.
- (b) Aptitude test :** These tests measures the ability or potential of a candidate to learn a new job or skill. Defects in a person's a sensory or intellectual capacity can be detected through these tests.
- (c) Personality test :** These tests are used to judge psychological makeup of a person. These tests discover clues to an individual's value system, emotional reactions maturity and his characteristics mood. These tests are used to select supervisory executives and for counselling people.
- (d) Trade test :** These tests measure the level of knowledge and skills of an individual already acquired through training and on the job experience such tests are useful in the selection of stenographers, typists, sales persons etc. These tests can be oral and written.
- (e) Interest test :** These tests identify individual's is likes and dislikes in relation to work. These tests help to identify the kind of work that will satisfy by him.

**Q. 29. Ashu brought an anti-dandruff shampoo of a reputed company which claimed to contain zinc pyrithione to control dandruff. When product did not show the promised results even after regular use for two months, she discussed the problem with her aunt dolly who is a dermatologists. Dolly told her that ZPTO is an anti-fungal agent, meaning that only dandruff caused by fungal infection could be cured. But to Ashu surprise, this condition was not mentioned on the shampoo case.**

In the context of above case

(a) Identify and explain consumer right violated.

(b) Also explain any three other consumer rights. 4

Ans. (a) The consumer right : "right to be informed is being violated in the given case :

According to this right a consumer has right to get complete information about the product that he/she may propose to buy including its contents, date of manufacture and expiry, maximum retail price etc.

(b) Moreover as perform, it is mandatory for marketers to provide complete information about product to buyers.

(b) The other rights enjoyed by consumer are :

(i) **Right to safety** : A consumer has right to be protected against goods and services which are hazardous to life, health and property.

(ii) **Right to be heard** : A consumer has right to file a complaint and to be heard in case of dissatisfaction with good or a service. It is because of this reason that many business forms have setup their own customer service and grievance cell.

(iii) **Right to be assured** : A consumer has freedom to access variety of products at competitive prices.

(iv) **Right to seek redressal** : A consumer has the right to get relief against unfair trade practice of restrictive trade practice in case product fall short of his expectations.

Or

State how (i) Government (ii) Consumer Awareness Act as the ways of achieving the objectives of consumer protection. 4

Ans. (i) **Government** : The government can protect the interest of the consumers by enacting various legislations. The legal framework in India encompasses various legislations which provide protection to consumers. The most important of these regulation is the consumer protection Act 1986 which provides three machinery for redressal of consumer governances.

(ii) **Consumer awareness** : A consumer, who well information about has rights and his relieves available to him would be in position to raise his voice against unfair trade practices

or unscrupulous exploitation. This would enable him to safeguard his interests.

Q. 30. What are the important assumptions made in 'Maslow need Hierarchy theory' ? 4

Ans. Maslow's theory is based on the following assumptions :

- (a) People's behaviour is based on their needs.
- (b) Satisfaction of needs influences their behaviour.
- (c) People's needs are in hierachical order, starting from basic needs to other higher level needs.
- (d) A satisfied need can no longer motivate a person only next higher level need can motivate him.
- (e) A person moves to the next higher level of hierarachy only when the lower need is satisfied.

Q. 31. (a) Explain any two point of importance of organising from the following :

(i) Clarity in working relationships

(ii) Adaption to change

(iii) Development of personnel.

(b) Distinguish between 'Formal and Informal' organisation on any three basis. 3 + 3 = 6

Ans. (a) (i) **Clarity in working relationship** : Organising leads to the formation of organisation structure which clarifies the authority responsibility positions among individuals in the organisation. The path of flow of communication and accountability relationship is also specified.

(ii) **Adaptation to change** : Organising allows a business enterprise to accomodate changes in business environment and pave its way to smooth transition. The organisational structure can be suitably modified and inter relationship among managerial levels can be revised. It gives stability to organisation as it continues to survive and grow in spite of many changes.

(iii) **Development of Personnel** : Organisation enables a manager to share his responsibilities with his subordinates through delegation. The manager develops new methods and ways of performing a task. It gives him time to explore areas for growth and opportunity to innovate



and strengthen the company's competitive position. It also help the subordinate to realise their full potential.

#### Basis

- (a) Origin
- (b) Authority
- (c) Flow of Communication

#### Formal Organisation

It originates as a result of organisational rules and policies

Authority arises as a virtue of position in management.

Flow of communication takes place through the scalar chain.

#### Informal Organisation

It originates as a result of social interactions among the employees.

Authority arises out of personal qualities.

Flow of communication takes place through the scalar chain

#### Informal Organisation

It originates as a result of social interactions among the employees.

Authority arises out of personal qualities

Flow of communication does not have any definite path.

*Or*

**Define Marketing and state any three function of Marketing. 6**

**Ans. Marketing**—Marketing is the sum total of all those activities which move goods and services from the producers to the consumers.

According to Philip Kotter, "Marketing is that social process by which individual and groups obtain what they need and want through creating offering and freely exchanging products and services of value with others."

The three main functions of marketing are :

- (i) **Marketing Planning**—The marketer develops appropriate marketing plans to capture or enhance the existing market share. It provides the guidelines to achieve the marketing objectives e.g. A marketer of colour TVS having 2% of current market share in the country aims at enhancing his market share to 20% in the next three years.
- (ii) **Product designing and development**—Product designing and development are concerned with anticipating customer's needs, developing new products and improving the

existing products so as to meet the expectation of customers e.g. when we plan to buy any product say a motorbike, we not only see its features like cost, mileage, etc. but also design, shape, style etc.

- (iii) **Pricing of Products**—Price refers to the amount of money which the customers have to pay to obtain a product price is an important factor effecting the success or failure of a product in the market. The demand for a product service is related to its price. Generally, lower the price higher would be demand for product and viseversa pricing refers to the process of fixing a legible price for the product in the market.

**Q. 32. The Bombay stock exchange is Asia's first stock exchange and the world's 11th largest stock exchange. It became the first stock exchange to be recognised by Indian government under the securities contracts Regulation act. Its automated, screen based trading platform called BSE. Online trading had a capacity of 8 million orders per day. The BSE has also introduced a centralised exchange based internet trading system. bseweb.x.co.in to enable investors anywhere in the world to trade on the BSE Platform.**

**In the context of above case.**

- (a) **Name the organisation that regulates the working of stock exchange in India.**
  - (b) **Also, explain the functions of organisation identified in 'Part (a) above. 6**
- Ans.** (a) Securities and Exchange Board of India (SEBI) is the organisation that regulates the working of stock exchange in India.
- (b) The various functions performed by SEBI are—
  - (i) **Regulatory function** : Registration of brokers and subbrokers and other players in the market.
  - (a) Registration of collective investment schemes and mutual funds.
  - (b) Regulation of stock brokers, underwriters and merchant bankers and business in stock exchange and any other securities market.
  - (c) Levying for or other charges for carrying out of the purpose of act.
  - (d) Performing and exercising such power under securities contracts set 1956 as may be delegated by government of India.

(ii) **Development functions** : Training of intermediaries of the securities market

- Undertaking measures to develop the capital market by adopting a flexible approach.

(iii) **Protective functions** : Controlling insider trading and imposing penalties for such practices.

- (a) Undertaking steps for investor protection.  
 (b) Promotion of fair practices and code of conduct in securities market.

*Or*

**Explain the following as factors affecting dividend decision.** 6

**Ans.** (i) Stability of dividend II shareholders' preference III Legal constraints IV Access to Capital Market ans dividend decisions relate to how much of company is after tax profit is to be distributed to shareholders and how much of it should be retained in the business for future requirements.

Factors affecting dividend decisions are—

(i) **Stability of dividend**—Companies generally have a policy of stabilizing dividends i.e. increase in dividend is only done when the earning potential of the company has gone up and not just the current year is earnings. Thus dividend per share is not alternate when the change is small or temporary in nature.

(ii) **Shareholder is Preference**—While declaring dividend management must keep in mind the preferences of the shareholders in this regard. If shareholders in desire that atleast a certain amount is paid as dividend, the companies are likely to declare the same. There are always some shareholders who depend upon a regular income from their investments.

(iii) **Legal constraints**—Certain provision of the companies Act place restrictions on payout as dividend. Such provisions must be adhered while declaring a dividend.

(iv) **Access to Capital Market**—Large and reputed companies generally have easy access to the capital market and therefore may depend loss on retained earning to finance their growth. These companies tend to pay higher dividends than the smaller companies. 6

**Q. 33. Read the statement in given in points (i) and (ii) and the answer the questions that follow.** 3 + 3 = 6

(i) **A depository is like a Bank and keeps securities in electronic form on behalf of the investors.**

- (a) Name the two depositories in India.  
 (b) What is the function of Depository participant ?  
 (c) Who can be depository participant ?

(ii) **It undertakes step for investor protection, promotes fair practices and code of conduct in securities market.**

- (a) Who/What does 'it' refer to ? Which category of function is being performed by it in the above statement ?

(b) State two other functions of this category.

**Ans.** (a) National securities depository limited (NSDL) and central depository services limited (CDSL)

(b) A depository participant (DP) serves as an intermediary between investor and depository and is authorised to maintain the accounts of dematerialised shares.

(c) Financial institutions banks, clearing corporations, stock brokers and non-banking finance corporations can be depository participants.

2. (a) It refer to securities and exchange board of India (SEBI) which is performing protective function.

(b) The two other protective functions are :

- (i) Prohibition of fraudulent and unfair trade practices like making misleading statements price rigging etc.  
 (ii) Controlling, insider trading and imposing penalties for such practices.

**Q. 34. Ramani, a degree holder in Entrepreneurship came to know about Piplantri village located in Rajasthan where in 2006 an initiative was started in which 111 trees are planted every- time a girl child is born. To keep termites away from tree, the villagers Planted 2.5 million. Aloe-vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels. Ramani decided to visit the villiage to start a business unit for processing and marketing of Aloe-vera**

into juices gels and other production. However, on visiting the village Raman found that the villagers were suffering from exploitation at hands of local merchants who were engaged in unscrupulous exploitative trade practices like hoarding and black marketing of food products and also selling unsafe, adulterated products to villagers. After looking at their plight instead of a business organisation, she decided to set up an organisation for the protection and promotion of interest of villagers.

State any six functions that the organisation established by Ramani will be performing. 6

**Ans.** The functions performed by NGO/consumer organisation for the protection and promotion of consumers are :

- (a) Educating the general public about consumer rights by organising training programmes, seminars and workshops.

- (b) Publishing periodicals and other publications to impart knowledge about consumer problems legal reporting, reliefs available and other matters of Interest.
- (c) Carrying out comparative testing of consumers products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
- (d) Encouraging consumers to strongly protest and take an action against unscrupulous exploitative and unfair trade practices of sellers.
- (e) Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
- (f) Filing complaints in appropriate consumer courts on behalf of consumers.
- (g) Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual.