

**Date: //23**  
**GRADE: XII B**

**MODEL EXAM II (2023-24)**  
**BUSINESS STUDIES [054]**

**Max marks: 80**  
**Time: 3 Hour**

Q.N	ANSWER	MARK
1	Favourable financial leverage as return on investment is higher than the cost of debt	1
2	Labelling	1
3	Social environment	1
4	Customer support service	1
5	Regulatory function	1
6	Management helps in achieving group goals	1
7	Earning higher rate of return to household sector	1
8	Controlling	1
9	If a firm wants to attain product quality leadership, it should charge lower prices.	1
10	Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)	1
11	Centralization	1
12	Measurement of actual performance	1
13	Statement II is true and I is false	1
14	It enables the firm to identify opportunities and getting the first mover advantage.	1
15	Organizing	1
16	Statement II is true and I is false	1
17	Social and Technological environment	1
18	A-(iii) B-(i) C-(iv) D-(ii)	1
19	Based on practice and creativity	1
20	Reduces the prices of real estate	1
21	Importance of management highlighted in the given situation are as follows, <ul style="list-style-type: none"> <li>Helps in achieving personal goals</li> <li>Helps in development of society</li> <li>Creates a dynamic organisation</li> </ul>	3

22	<p>The importance of controlling are as follows:</p> <p>(a) The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action.</p> <p>(b) A good control system enables management to verify whether the standards set are accurate and objective.</p> <p>(c) By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with pre-determined standards and norms.</p> <p>(d) A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they are appraised.</p> <p>(e) Controlling creates an atmosphere of order and discipline in the organisation.</p> <p>(f) Controlling provides direction to all activities and efforts for achieving organisational goals.</p> <p style="text-align: center;">OR</p> <p>The advantages of Management by Exception are:</p> <p>(a) It saves the time and efforts of managers as they deal with only significant deviations.</p> <p>(b) It focuses managerial attention on important areas. There is better utilisation of managerial talent.</p> <p>(c) The routine problems are left to the subordinates. Thus, it facilitates delegation of authority and increases morale of employees.</p> <p>(d) It identifies critical problems which need timely action to keep the organisation in right direction</p> <p>(any three points)</p>	3
23	<p>The step of staffing process which has not been performed properly are as follows,</p> <p>(a) Estimation of manpower requirements: Operationally, understanding the manpower requirements would necessitate workload analysis on the one hand and workforce analysis on the other.</p> <p>(b) The next stage immediately following the step is estimation of manpower requirement recruitment. Recruitment may be defined as the process of searching</p>	3

	for prospective employee and stimulating them to apply for jobs in the organisation.	
24	<p>The function of stock exchanges are as follows,</p> <ul style="list-style-type: none"> <li>• Provide liquidity and marketability of securities</li> <li>• Helps to fix the prices of securities</li> <li>• Provide safe and fair deal to investors through its regulatory frame work</li> <li>• The savings of the public is channelized to the most profitable avenues by reinvesting and disinvesting the securities</li> <li>• Provide sufficient scope for speculation</li> </ul> <p>OR</p> <p>The first three steps in screen-based trading in securities an Investor has to first approach a registered broker and enter inter agreement. He has to open a broker client agreement and a client registration form before placing the order. He has to provide few details like PAN number, date of birth and address, educational qualification and occupation, residential status, Bank account details, depository account details, same of any other broker with whom registered, client code number in the client registration form.</p> <p>The broker opens a trading account in the name of investor (b) The investor has to open a demat account or beneficial owner account with a depository participant for holding and transferring securities in the demat form. The investor places an order with the broker to buy or sell shares. Clear instructions have to be given about the number of broker will go ahead with the deal to mention the best price available, Order confirmation slip is issued to the investor by the broker .</p>	3
25	<p>(a) Directing initiates action: Directing is the function which initiates action in the organisation. The purpose of direction is to encourage employees to work towards the achievement of laid down plans. It is the directing function which converts plans into results.</p> <p>(b) Directing is a continuous activity: Directing is an ongoing activity. It does not simply mean to issue orders to subordinates. A manager has to continuously supervise, guide and inspire his subordinates</p> <p>OR</p> <p>(a) Autocratic or Authoritarian leadership style: An autocratic leader gives orders and expects his</p>	4

	<p>subordinates to obey those orders. This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and has to ensure labour productivity. Quick decision-making is also facilitated.</p> <p>(b) Laissez fair or Free-rein leader: 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</p>	
26	<p>The limitations of using internal sources of recruitment are as follows:</p> <p>(a) When vacancies are filled through internal promotions, the scope for induction of fresh talent is reduced. Hence, complete reliance on internal recruitment involves danger of 'inbreeding' by stopping 'infusion of new blood' into the organisation.</p> <p>(b) The employees may become lethargic if they are sure of time bound promotions. (c) A new enterprise cannot use internal sources of recruitment. No organisation can fill all its vacancies from internal sources.</p> <p>(d) The spirit of competition among the employees may be hampered.</p> <p>(e) Frequent transfers of employees may often reduce the productivity of the organisation.</p> <p>OR</p> <p>The commonly used external sources of recruitment are as follows</p> <ul style="list-style-type: none"> <li>• Direct recruitment: details of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. It is suitable for filling casual vacancies when there is a rush of work or when some permanent workers are absent.</li> <li>• Casual callers: Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such jobseekers can be prepared and can be screened to fill the vacancies as they arise. Most of the senior positions filled by this method. The advantage of industry as</li> </ul>	4

	<p>well as commerce are of advertising vacancies is that more information about job can be given in the advertisement.</p> <ul style="list-style-type: none"> <li>• Employment exchange: Employment exchange run by a government are a good source of recruitment for unskilled and skilled operative jobs. They help to match personnel demand supply by serving as a link between job-seekers and employers</li> <li>• Placement agencies and management consultants: Placement agencies provide a nationwide in matching personnel demand and supply. Management consultancy firms help the organisation to recruit technical, professional and managerial personnel.</li> <li>• Recommendation of employees: Applicants introduced by present employees, or their friends or relatives may prove to be a good source of recruitment.</li> <li>• Labour contractors: Labour contractors maintain close contacts with provide the required number of unskilled workers at short notice</li> <li>• Advertising on television: The detailed requirements of the job and the qualities required to do it are publicised along with the profile of the organisation where vacancy exist.</li> <li>• Campus recruitment: Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs</li> <li>• Web publishing: Internet is becoming a common source of recruitment these days. There are certain websites specifically designed and dedicated for the purpose of providing information about both job-seekers and job opening.</li> </ul>	
27	<ul style="list-style-type: none"> <li>• Right to be informed: According to this right, a consumer has the right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use etc.</li> <li>• Right to seek redressal: According to this right, a consumer has the right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product,</li> </ul>	4

	compensation paid for any loss or injury suffered by the consumer etc.	
28	<ul style="list-style-type: none"> <li>• Taxation policy: If tax on dividend is higher, it is better to pay less by way of dividends. Though dividends are free of tax in the hands of shareholders, a dividend distribution tax is levied on companies. Under the present tax policy, shareholders are likely to prefer higher dividends.</li> <li>• Cash flow position: The payment of dividend involves an outflow of cash. Availability of enough cash in the company is necessary for declaration of dividend</li> </ul>	4
29	<ul style="list-style-type: none"> <li>• Media: It is the path through which encoded message is transmitted to receiver. The channel may be in the written form, face to face, phone call, internet.</li> <li>• Encoding: It is a process of converting the message into communication symbols like words, pictures, gestures etc.</li> <li>• Decoding: It is a process of converting encoded symbols of the sender.</li> <li>• Receiver. The person who receives communication of the sender.</li> </ul>	4
30	<p>Mr Aariketh Acharya has suggested capital budgeting decision. The reasons why he must have advised this decision are:</p> <p>(a) These decisions have bearing on the long-term growth. They affect the future prospects of the business.</p> <p>(b) These decisions result in large portion of funds being blocked in long-term projects, these investments are planned after a detailed analysis.</p> <p>(c) These decisions affect the returns of the firm, therefore influence the overall business risk complexion of the firm.</p> <p>(d) These decisions once taken, are not reversible without incurring heavy losses. Abandoning a project after heavy investment is costly in terms of waste of funds</p>	4
31	<ul style="list-style-type: none"> <li>• Method study. The objective of method study is to find out one best way of doing the jobs. There are various methods of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product</li> </ul>	6

	<p>is delivered to the customer every activity is part of method study. The objective of the whole exercise is to minimise the cost of production and maximise the quality and satisfaction of the customer. For this purpose, many techniques like process charts and operations research etc. are used.</p> <ul style="list-style-type: none"> <li>• Motion study: Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently. On close examination of body motions, for example, it is possible to find out motions which are productive; Motions which are incidental (e.g.. going to stores); Motions which are unproductive etc.</li> <li>• Time study: It determines the standard time taken to perform a well-defined job. Time measuring devices are used for each element of task. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>• Discipline: Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties</li> <li>• Order: According to Fayol, People and materials must be in suitable places at appropriate time for maximum efficiency. " The principle of order states that a place for everything (everyone) and everything in its place. If there is fixed place for everything and it is present there, then there will be no hindrance in the activities of business/factory. This will lead increased productivity and efficiency.</li> </ul>	
--	--	--

	<ul style="list-style-type: none"> <li>Initiative: Workers should encourage to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self motivation. It is thinking out and executing the plan. Initiatives should be encouraged. But it does not mean going against the established practices of the company for the sake of being different. A good company should have an employee's suggestion system whereby initiative suggestions which result in substantial cost/time reduction should be rewarded</li> </ul>	
32	<ul style="list-style-type: none"> <li>Setting objectives</li> <li>Developing premises</li> <li>Identifying alternative course of action</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>Planning reduces overlapping and wasteful activities</li> <li>Planning establishes standards of controlling</li> <li>Planning facilitates decision making</li> </ul>	6
33	<p>1. (a) The function of marketing that enables the marketer to achieve its goals is Transportation. It involves physical movement of goods from one place to another. Since the user of products are wide spread and geographically separated from the place where they are produced, it is necessary to move them to the place where they are needed for consumption.</p> <p>(b) The factors that should be taken into consideration to analyse the marketing needs are nature of the product, cost and location of target market.</p> <p>2. (a) The function of marketing that reduces the gap between production and consumption of Paddy is Storage or Warehousing. Due to irregular demand or supply, there may be time gap between production of goods and their sale. Storage helps in reducing the time gap between production and consumption and provides time utility. (b) The importance of warehousing is as follows:</p> <ul style="list-style-type: none"> <li>Ensures smooth flow of products in the market</li> <li>Protects against any unavoidable delays in delivery or meet contingencies in demand</li> </ul>	6
34	<p>a) The organisational structure adopted by Diligent Developers is Functional structure. Functional (b) structure is an organisational design that groups similar</p>	6



	<p>or related jobs together. The benefits of functional structure are as follows:</p> <ul style="list-style-type: none"> <li>(i) It leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance.</li> <li>(ii) It promotes control and coordination within a department because of similarity in the tasks being performed.</li> </ul> <p>The limitations of functional structure are as follows:</p> <ul style="list-style-type: none"> <li>(i) A functional structure places less emphasis on overall enterprise objectives than the objectives pursued by a functional head. Such practices may lead to functional empires wherein the importance of a particular function may be overemphasised. Pursuing departmental interests at the cost of organisational interests can also hinder the interaction between two or more departments.</li> <li>(ii) (ii) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.</li> </ul>	
	THE END	