

Sample Question Paper, 2021-22

(Issued by CBSE Board on 14th January, 2022)

BUSINESS STUDIES (TERM-II)

SOLVED

Time allowed : 2 Hours

Max. Marks : 40

General Instructions :

1. This is a Subjective Question Paper containing 12 questions.
2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

Short Answer Type Questions-I [2 marks each]

1. Identify and explain the two sources of recruitment which cannot be used when the existing staff is either insufficient or does not fulfil the eligibility criteria of the jobs to be filled. [2]
2. 'MYKAA Limited' is dealing in all types of cosmetic products. It is enjoying increased demand for its product during the last few years. For the purpose of expansion the company needs ₹ 100 crore as additional capital. The company decides to raise funds through equity shares. Chirag Kapoor, the finance manager of the company recommended that the shares may be sold through issuing houses or brokers. Identify and explain the method recommended by Mr. Kapoor through which the company can raise additional funds for expansion purposes. [2]
3. Explain the two concepts which are part of the exercise which would reveal whether a company is understaffed, overstaffed or optimally staffed. [2]
4. "Measurement of a company's progress may involve calculation of certain ratios like gross profit ratio, net profit ratio, return on investment etc. at periodic intervals". Identify the function of management involved in the above context. Also briefly explain the next step in the process of the identified function discussed above. [2]

Short Answer Type Questions-II [3 marks each]

5. Mr. Pawan Kumar, the CEO of an E-Commerce start up, which was facing the problem of huge employee turnover, decided to hold a meeting with the managers to discuss the issue. While addressing the managers in the meeting, he advised them to take certain measures which focus on psychological, social and emotional factors, in order to motivate employees. Explain any two such measures discussed by him, when he suggested that job should be made interesting so that the job itself becomes a source of motivation, employees should be congratulated for good performance, also, stability regarding future income and work should

- be provided to employees, in order to develop a positive attitude among the subordinates. [3]
6. State any three points of importance of Directing. [3]

OR

- Define leadership as an element of Directing? Enumerate any two styles of Leadership. [3]
7. List any three factors affecting the Working Capital requirement of a company. [3]
 8. Priya is a regional manager of XYZ. Ltd. She is a hardworking employee and is trying to reduce wastage of resources in her company. She has set standards for performance of different activities and is ensuring that targets are met according to these standards with minimal wastage of resources. She has set up CCTV cameras which helps her to keep a close check on the activities of the subordinates and know how the employees are performing. She also rewards the employees with a bonus when these standards are met. She is trying her best to ensure a good performance of her team this year through the application of an important function of management. Explain any two benefits of the function of management highlighted above. [3]

Long Answer Type Questions [5 marks each]

9. Enumerate any five rights of a consumer under the Consumer Protection Act, 2019. [5]

OR

- Enumerate any five responsibilities of a Consumer Protection Act, 2019. [5]
10. State any five regulatory functions of the Securities and Exchange Board of India. [5]
 11. In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of 'Get My Job' has suggested that the Companies which want more and more people to apply for jobs in their organization should make the process of applying for jobs easier and candidate friendly. It is for this reason, he said, that most progressive companies today have a short application process. He also said that the application form filled by the candidate is

very important as it is the information supplied in the application forms, which helps the manager in eliminating unqualified or unfit job seekers. The company can create a mechanism that attempts to measure certain characteristics of individuals like aptitude, manual dexterity, and intelligence to personality. The candidate may then be called for an in-depth conversation to evaluate their suitability for the job.

- (i) Name the process and steps in the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above.
 - (ii) Also explain the next three steps in the process which can be subsequently performed by the company. [5]
12. Vansh Limited is a large and reputed company which manufactures ventilators. After the outbreak of 'COVID-19' in 2020 the company witnessed an increase in revenue by 40%. It has plans to further increase its production capacity and also start production of PPE kits, sanitizers and masks in 2022. The Finance manager of the Company Mr. Rajiv feels confident about the

future of the company and its liquidity position. Discuss the meaning of Dividend Decision and in the light of the above statement explain any two factors which should be considered by 'Vansh Limited' while formulating the dividend policy of the company. [5]

OR

Vedansh Limited has a share capital of ₹ 10,00,000 divided into shares of ₹ 100 each for Expansion purpose company requires additional funds of ₹ 5,00,000. The management is considering the following alternatives for raising funds : **Alternative 1:** Issue of 5000 Equity shares of ₹ 100 each **Alternative 2:** Issue of 10% Debentures of ₹ 5,00,000.

OR

The company's present Earnings Before Interest and Tax (EBIT) is ₹ 4,00,000 p.a. Assuming that the rate of Return of Investment remains the same after expansion, which alternative should be used by the company in order to maximise the returns to the equity shareholders. The Tax rate is 50%. Show the working. [5]

□□□

CBSE Marking Scheme Answers 2021-2022 (Issued by Board)

1. Two sources of internal recruitment:

- (i) Promotion refers to shifting of an employee to a higher position, carrying higher responsibilities, facilities, status and pay.
- (ii) Transfer involves shifting of an employee from one job to another, one department to another, without substantive change in the responsibilities and status of the employee.

$\frac{1}{2}$ mark for identification and
 $\frac{1}{2}$ mark for explanation

(CBSE Marking Scheme, 2021-22) [1 + 1 = 2]

Detailed Answer:

- (i) **Promotions:** Business enterprises generally follow the practice of filling higher jobs by promoting employees from lower jobs. Promotion leads to shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay. Promotion is a vertical shifting of employees. This practice helps to improve the motivation, loyalty and satisfaction level of employees. It has a great psychological impact over the employees because a promotion at the higher level may lead to a chain of promotions at lower levels in the organization.
- (ii) **Transfers:** It involves shifting of an employee from one job to another, one department to another or from one shift to another, without a substantive change in the responsibilities and status of the employee. It may lead to changes in duties and responsibilities, working condition etc., but not necessarily salary. Transfer is a good source of filling the vacancies with employees from overstaffed departments. It is practically a horizontal movement of employees. Shortage

of suitable personnel in one branch may be filled through transfer from another branch or department.

2. **Offer for Sale:** Under this method securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stock brokers. In this case, a company sells securities at an agreed price to brokers who, in turn, resell them to the investing public.

$\frac{1}{2}$ mark for identification and $\frac{1}{2}$ mark
for explanation

(CBSE Marking Scheme, 2021-22) $\frac{1}{2} + \frac{1}{2} = 2$

3. (i) **Workload analysis:** This would enable an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives.
- (ii) **Workforce analysis:** This would reveal the number and type of manpower available.

$\frac{1}{2}$ mark for identification and $\frac{1}{2}$ mark
for explanation

1 + 1 = 2

4. (a) Controlling
(b) Measurement of actual performance
Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. $\frac{1}{2}$ mark for identification and $\frac{1}{2}$ mark for explanation
(CBSE Marking Scheme, 2021-22) 1 + 1 = 2

Detailed Answer:

Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. As far as possible, performance should be measured in the same units in which standards are set as this would make their comparison easier. It is generally believed that measurement should be done after the task is completed. However, wherever possible, measurement of work should be done during the performance.

5. Non-monetary incentives: (Any two)

- (i) **Job enrichment:** It is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill, etc.
- (ii) **Employee recognition programmes:** Recognition means acknowledgment with a show of appreciation.
- (iii) **Job security:** Employees want their job to be secure. They want certain stability about income and work so that they do not feel worried about these aspects and work with greater zeal. $\frac{1}{2}$ mark for identification and $\frac{1}{2}$ mark for explanation

(CBSE Marking Scheme, 2021-22) [$1\frac{1}{2} \times 2 = 3$]

Detailed Answer:

- (i) **Job Enrichment:** Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide the opportunity for personal growth and a meaningful work experience. If jobs are enriched and made interesting, the job itself becomes a source of motivation to the individual.
- (ii) **Employee Recognition programmes:** Most people have a need for evaluation of their work and due recognition. They feel that what they do should be recognized by others concerned. Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at higher level.
- (iii) **Job security:** Employees want their job to be secure. They want certain stability of future income and work so that they do not feel worried about these aspects and work with greater zeal. However, there is one negative aspect of job security. When people feel that they are not likely to lose their jobs, they may become complacent.

6. Importance of Directing: (Any three)

- (i) Directing helps to initiate action by people in the organization towards attainment of desired objectives.
- (ii) Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organizational performance.

- (iii) Directing guides employees to fully realize their potential and capabilities by motivating and providing effective leadership.
- (iv) Directing facilitates introduction of needed changes in the organization.
- (v) Effective directing helps to bring stability and balance in the organization since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments.

1 mark for each correct statement [$1 \times 3 = 3$]

OR

Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organizational objectives. (or any other correct definition) **1**

Styles of leadership: (Any two)

- (i) Autocratic or Authoritarian leader gives orders and expects his subordinates to obey those orders.
- (ii) Democratic or Participative leaders will develop action plans and make decisions in consultation with their subordinates.
- (iii) Laissez faire or Free-rein leader does not believe in the use of power unless it is absolutely essential.

(CBSE Marking Scheme, 2021-22) $1 \times 2 = 2$

Detailed Answer:

The points which emphasise the importance of directing are presented as follows:

- (i) Directing helps to initiate action by people in the organization towards attainment of desired objectives.

For example, if a supervisor guides his subordinates and clarifies their doubts in performing a task, it will help the worker to achieve work targets given to him.

- (ii) Directing integrates employees efforts in the organization in such a way that every individual effort contributes to the organizational performance. Thus, it ensures that the individuals work for organizational goals. For example, a manager with good leadership abilities will be in a position to convince the employees working under him that individual efforts and team effort will lead to achievement of organizational goals.
- (iii) Directing guides employees to fully realize their potential and capabilities by motivating and providing effective leadership. A good leader can always identify the potential of his employees and motivate them to extract work up to their full potential.
- (iv) Directing facilitates introduction of needed changes in the organization. Generally, people have a tendency to resist changes in the organization. Effective directing through motivation, communication and leadership helps to reduce such resistance and develop required cooperation in introducing changes in the organization. For example, if a manager wants to introduce new system of accounting, there may be initial resistance from accounting

staff. But, if manager explains the purpose, provides training and motivates with additional rewards, the employees may accept change and cooperate with manager.

- (v) Effective directing helps to bring stability and balance in the organization since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments.

OR

Leadership may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Styles of leadership:

- (i) **Autocratic or Authoritarian leader:** An autocratic leader gives orders and expects his subordinates to obey those orders. If a manager is following this style, then communication is only one-way with the subordinate only acting according to the command given by the manager. This leader is dogmatic *i.e.*, does not change or wish to be contradicted. His following is based on the assumption that reward or punishment both can be given depending upon the result.
- (ii) **Democratic or Participative leader:** A democratic leader will develop action plans and makes decisions in consultation with his subordinates. He will encourage them to participate in decision making. This kind of leadership style is more common nowadays, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the other's opinion and support subordinates to perform their duties and accomplish organizational objectives. They exercise more control by using forces within the group.
- (iii) **Laissez-faire or Free-rein leader:** Such a leader does not believe in the use of power unless it is absolutely essential. The followers are given a high degree of independence to formulate their own objectives and ways to achieve them. The group members work on their own tasks resolving issues themselves. The manager is there only to support them and supply them the required information to complete the task assigned. At the same time, the subordinate assumes responsibility for the work to be performed.

7. Factors affecting working capital requirement of the company: (Any three)

- (i) Nature of Business influences working capital requirements in a trading organization which usually needs a smaller amount of working capital compared to a manufacturing organization, while service industries which usually do not have to maintain inventory require less working capital.

- (ii) Scale of operations influences working capital requirements in large organizations which require a large amount of working capital as compared to the organizations which operate on a lower scale.
- (iii) Business cycle affects the requirement of working capital by a firm, as in case of a boom a larger amount of working capital is required as compared to the period of depression.
- (iv) Seasonal Factors affect the working capital requirement, as in peak season large amounts of working capital is required and lower amount is required in the lean season.
- (v) Production cycle affects the working capital requirement, as it is higher in firms with longer processing cycles and lower in firms with shorter processing cycles.
- (vi) Credit allowed in a firm with liberal credit policy results in a higher amount of debtors, increasing the requirement of working capital.
- (vii) Credit availed by a firm, to the extent to which the firm avails the credit on purchase the working capital requirement is reduced.
- (viii) Operating efficiency may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital.
- (ix) Availability of raw material influences the working capital requirement as larger the lead time larger the quantity of material to be stored and larger shall be the amount of working capital required.
- (x) If the growth potential of a concern is perceived to be higher, it will require a larger amount of working capital.
- (xi) Higher level of competitiveness may necessitate larger stocks and increases working capital requirement.
- (xii) The working capital requirement of a business becomes higher with higher rate of inflation.
- (CBSE Marking Scheme, 2021-22) $1 \times 3 = 3$

Detailed Answer:

Factors affecting working capital requirement of the company are as follows:

- (i) **Nature of Business:** The basic nature of a business influences the amount of working capital required. A trading organization usually needs a smaller amount of working capital compared to a manufacturing organization. This is because there is usually no processing. Therefore, there is no distinction between raw materials and finished goods. Sales can be effected immediately upon the receipt of materials, sometimes even before that. In a manufacturing business, however, raw material needs to be converted into finished goods before any sales become possible. Other factors remaining the same, a trading business requires less working capital. Similarly, service industries which usually do not have to maintain inventory require less working capital.

- (ii) **Scale of Operations:** For organizations which operate on a higher scale of operation, the quantum of inventory and debtors required is generally high. Such organizations, therefore, require large amount of working capital as compared to the organizations which operate on a lower scale.
- (iii) **Business Cycle:** Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required. As against this, the requirement for working capital will be lower during the period of depression as the sales as well as production will be small.
- (iv) **Seasonal Factors:** Most business have some seasonality in their operations. In peak season, because of higher level of activity, larger amount of working capital is required. As against this, the level of activity as well as the requirement for working capital will be lower during the lean season.
- (v) **Production Cycle:** Production cycle is the time span between the receipt of raw material and their conversion into finished goods. Some businesses have a longer production cycle while some have a shorter one. Duration and the length of production cycle, affects the amount of funds required for raw materials and expenses. Consequently, working capital requirement is higher in firms with longer processing cycle and lower in firms with shorter processing cycle.
- (vi) **Credit Allowed:** Different firms allow different credit terms to their customers. These depend upon the level of competition that a firm faces as well as the creditworthiness of their clientele. A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital.
- (vii) **Credit Availed:** Just as a firm allows credit to its customers it also may get credit from its suppliers. To the extent it avails the credit on purchases, the working capital requirement is reduced.
- (viii) **Operating Efficiency:** Firms manage their operations with varied degrees of efficiency. For example, a firm managing its raw materials efficiently may be able to manage with a smaller balance. This is reflected in a higher inventory turnover ratio. Similarly, a better debtors turnover ratio may be achieved reducing the amount tied up in receivables. Better sales 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.
- (ix) **Availability of Raw Material:** If the raw materials and other required materials are available freely and continuously, lower stock levels may suffice. If, however, raw materials do not have a record of uninterrupted availability, higher stock levels may be required. In addition,

the time lag between the placement of order and the actual receipt of the materials (also called lead time) is also relevant. Larger the lead time, larger the quantity of material to be stored and larger shall be the amount of working capital required.

- (x) **Growth Prospects:** If the growth potential of a concern is perceived to be higher, it will require larger amount of working capital so that it is able to meet higher production and sales target whenever required.
- (xi) **Level of Competition:** Higher level of competitiveness may necessitate larger stocks of finished goods to meet urgent orders from customers. This increases the working capital requirement. Competition may also force the firm to extend liberal credit terms discussed earlier.
- (xii) **Inflation:** With rising prices, larger amounts are required even to maintain a constant volume of production and sales. The working capital requirement of a business thus become higher with higher rate of inflation.

8. Importance of controlling: (Any two)

- (i) **Accomplishing organizational goals:** The controlling function measures progress towards the organizational goals and brings to light the deviations, if any, and indicates corrective action.
- (ii) **Ensuring Order and discipline:** Controlling creates an atmosphere of order and discipline in the organization. It helps to minimise dishonest behavior by keeping a close check on their activities.
- (iii) **Making efficient use of resources:** Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.
- (iv) **Improving employee motivation:** A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.

$\frac{1}{2}$ mark for the heading and 1 marks for the explanation

(CBSE Marking Scheme, 2021-22) $1\frac{1}{2} \times 2 = 3$

Detailed Answer:

Importance of controlling are as follows:

- (i) **Accomplishing organizational goals:** The controlling function measures progress towards the organizational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organization and keeps it on the right track so that organisational goals might be achieved.
- (ii) **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organization

and in the environment and helps to review and revise the standards in light of such changes.

- (iii) **Making efficient use of resources:** By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.
- (iv) **Improving employee motivation:** A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.
- (v) **Ensuring order and discipline:** Controlling creates an atmosphere of order and discipline in the organization. It helps to minimise dishonest behavior on the part of the employees by keeping a close check on their activities. \
- (vi) **Facilitating coordination in action:** Controlling provides direction to all activities and efforts for achieving organizational goals. Each department and employee is governed by predetermined standards which are well coordinated with one another. This ensures that overall organizational objectives are accomplished.
9. Rights of a Consumer under the Consumer Protection Act, 2019: **(Any five)**
- (i) **Right to safety:** The consumer has a right to be protected against goods and services which are hazardous to life, health and property.
- (ii) **Right to be informed:** The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.
- (iii) **Right to be assured:** The consumer has the freedom to assess a variety of products at competitive prices.
- (iv) **Right to be heard:** The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.
- (v) **Right to seek redressal:** The consumer has a right to get relief against unfair trade practice of restrictive trade practices or unscrupulous exploitation in case the product or a service falls short of his expectation.
- (vi) **Right to consumer education:** The consumer has a right to acquire knowledge and to be a well informed consumer throughout life.

1 × 5 = 5

OR

Responsibilities of a Consumer under the Consumer Protection Act, 2019: (Any five)

- (i) Be aware of various goods and services available in the market so that an intelligent and wise choice can be made.
- (ii) Buy only standardised goods as they provide quality assurance.

- (iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
- (iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
- (v) Assert yourself to ensure that you get a fair deal
- (vi) Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices.
- (vii) Ask for a cash memo on purchase of goods or services.
- (viii) File a complaint in an appropriate consumer form in case of a shortcoming in the quality of goods purchased or services availed.
- (ix) Form consumer societies which would play on active part in educating consumers and safeguarding their interests
- (x) Respect the environment. **(1×5=5)**

Detailed Answer:

Rights of a Consumer under the Consumer Protection Act, 2019:

- (i) **Right to Safety:** The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.
- (ii) **Right to be Informed:** The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc. It is because of this reason that the legal framework in India requires the manufacturer's to provide such information on the package and label of the product.
- (iii) **Right to be assured:** The consumer has the freedom to choose from a variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these. According to this right, every consumer has the right to choose the goods or services of his or her likings. The right to choose means an assurance of availability, ability and access to a variety of products and services at competitive price and competitive price means just or fair price. The producer or supplier or retailer should not force the customer to buy a particular brand only. The consumer should be free to choose the most suitable product from his point of view.
- (iv) **Right to be Heard:** The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened

business firms have set up their own consumer service and grievance cells. Many consumer organizations are also working towards this direction and helping consumers in redressal of their grievances.

- (v) **Right to seek Redressal:** The consumer has a right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.
- (vi) **Right to Consumer Education:** The consumer has a right to acquire knowledge and to be a well informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service falling short of his expectations. Many consumer organizations and some enlightened businesses are taking an active part in educating consumers in this respect. **(Any five)**

OR

Responsibilities of a Consumer under the Consumer Protection Act, 2019:

- (i) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.
- (ii) Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewellery etc.
- (iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
- (iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
- (v) Assert yourself to ensure that you get a fair deal.
- (vi) Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc.
- (vii) Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.
- (viii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.
- (ix) Form consumer societies which would play an active part in educating consumers and safeguarding their interests.
- (x) Respect the environment. Avoid waste, littering and contributing to pollution. **(Any five)**

10. Regulatory Functions of Securities and Exchange Board of India: **(Any five)**

- (i) Registration of brokers and sub-brokers and other players in the market.
- (ii) Registration of collective investment schemes and Mutual Funds.

- (iii) Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market.
- (iv) Regulation of takeover bids by companies.
- (v) Calling for information by under-taking inspection, conducting enquiries and audits of stock exchanges and intermediaries.
- (vi) Levying fee or other charges for carrying out the purposes of the Act.
- (vii) Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India. **1 × 5 = 5**

11. (a) Selection

Steps in the process of selection discussed:

1. Preliminary Screening.
2. Selection Tests.
3. Employment interview

(b) Next two steps: **[½ × 4 = 2]**

1. **Reference and background checks:** Many employers request names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.
2. **Selection Decision:** The final decision has to be made from among the candidates who passed the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection.
3. **Medical Examination:** After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination. **1 × 3 = 3**
(½ mark for heading and ½ mark for the explanation)

12. Dividend decision: The decision involved here is how much of the profit earned by the company (after paying tax) is to be distributed to the shareholders and how much of it should be retained in the business. **1**

Factors affecting Dividend decision:

1. **Amount of Earnings:** Dividends are paid out of current and past earnings. Therefore, earnings are a major determinant of the decision about dividend.
2. **Growth Opportunities:** Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. The dividend in growth companies is, therefore, smaller, than that in the non-growth companies.
3. **Cash Flow Position:** The payment of dividend involves an outflow of cash. A company may be earning profit but may be short on cash.

Availability of enough cash in the company is necessary for declaration of dividend.

4. **Access to Capital Market:** Large and reputed companies generally have easy access to the capital market and, therefore, may depend less on retained earnings to finance their growth. These companies tend to pay higher dividends than the smaller companies which have relatively low access to the market.

(Any two) $2 \times 2 = 4$

OR

Rate of Return of Investment is $\frac{₹ 4,00,000}{₹ 10,00,000} \times ₹ 100 = 40\%$

EBIT after expansion = $40\% \times ₹ 15,00,000 = ₹ 6,00,000$ 5

Calculation of EPS		
	Plan 1	Plan 2
EBIT	₹ 6,00,000	₹ 6,00,000
(-)Interest	-	₹ 50,000
EAT	₹ 6,00,000	₹ 5,50,000
(-)Tax(50%)	₹ 3,00,000	₹ 2,75,000
EAT	₹ 3,00,000	₹ 2,75,000
No. of shares	₹ 15,000	₹ 10,000
EPS	₹ 20	₹ 27.5

The company should use Plan 2 in order to increase the return to the equity shareholders.

□□□

Solved Paper, 2021-22

BUSINESS STUDIES

Term-I, Set-4

Series : SSJ/2

Question Paper
Code No. 066/2/4

Time allowed : 90 Minutes

Max. Marks : 40

General Instructions :

- The question paper contains 60 questions out of which 50 questions are to be attempted. All questions carry equal marks.
- This question paper contains three Section A, B and C.
- Section -A contains 24 questions. Attempt any 20 questions from Q. No 1 to 24.
- Section -B contains 24 questions. Attempt any 20 questions from Q. No 25 to 48.
- Section -C contains 12 questions. Attempt any 10 questions from Q. No 49 to 60.
- The first 20 questions each in Section A & Section B and first 10 questions in Section C attempted by a candidate will be evaluated.
- There is only one correct option for every Multiple Choice Questions (MCQ). Mark will not be awarded for answering more than one option.
- There is no negative marking.

Section-A

- At times, a business may concentrate on producing goods with fewer resources but cannot achieve the targeted production. In such a case, the business is said to be:
 - Effective but not efficient
 - Efficient but not effective
 - Both effective and efficient
 - Neither effective nor efficient
- The process that initiates implementation of plans by clarifying jobs, working relationships and effectively deploying resources for attainment of identified and desired results is called:
 - Coordination
 - Management
 - Organising
 - Delegation
- Which marketing management philosophy lays emphasis on bringing continuous improvement in the quality of the product?
 - Production concept
 - Product concept
 - Marketing concept
 - Social marketing concept
- The objective of which of the following techniques of scientific management is to determine the number of workers to be employed in an organization?
 - Method study
 - Motion study
 - Time study
 - Differential piece wage system
- Which of the following is an element of political environment?
 - Existing structure of the economy in terms of relative role of private and public sectors.
 - Rise in the disposable income of people due to increase in the gross domestic product of a country.
 - Legislations passed by the government authorities.
 - Attitude of the elected government representatives towards business.

6. The function of marketing that involves physical movement of goods from one place to another is called:
 - (a) Promotion
 - (b) Transportation
 - (c) Storage and warehousing
 - (d) Customer support services
7. Identify the principle of management given by Fayol according to which the intent of this principle is to produce more and better work with the same effort.
 - (a) Division of work
 - (b) Unity of direction
 - (c) Scalar chain
 - (d) Equity
8. Which product-related decision is concerned with providing detailed information about the product on its package?
 - (a) Branding
 - (b) Packaging
 - (c) Labeling
 - (d) Both branding and packaging
9. Which step in the process of planning, function of management involves weighing pros and cons of each alternative?
 - (a) Developing premises
 - (b) Identifying alternative courses of action
 - (c) Evaluation alternative courses
 - (d) Selecting an alternative
10. The element of delegation which relates to the obligation of a subordinate to properly perform the assigned duty is known as:
 - (a) Authority
 - (b) Responsibility
 - (c) Accountability
 - (d) Centralization
11. The type of organisational structure in which jobs of similar nature are grouped together on the basis of functions to form departments is called:
 - (a) Functional structure
 - (b) Divisional structure
 - (c) Informal structure
 - (d) Grouped structure
12. Which of the following statements correctly explains the limitation of planning 'planning does not guarantee success'?
 - (a) Planning is required at all levels of management and in all the departments of the organization.
 - (b) Planning involves thorough examination and evaluation of available alternatives.
 - (c) Relying on a previously tried and tested successful plan just because it had worked before and will work again.
 - (d) By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.
13. 'Product cost' as a factor affecting price determination of a product includes:
 - (a) Cost of producing, distributing and selling the product.
 - (b) Utility provided by the product.
 - (c) Nature and degree of competition.
 - (d) Maximising profit in the short run.
14. The concept of 'mental revolution', as prescribed by Taylor, involves, a change in the mind set of:
 - (a) Workers towards the management.
 - (b) Management towards the workers.
 - (c) Workers and management towards one another from competition to cooperation.
 - (d) Customers towards the management of the organization.
15. The element of marketing mix by which marketers make use of various tools of communication to encourage exchange of goods and services in the market is called:
 - (a) Branding
 - (b) Promotion
 - (c) Physical distribution
 - (d) Price
16. 'Planning is an intellectual activity of thinking rather than doing'. Which feature of planning is highlighted in this statement?
 - (a) Planning focuses on achieving objectives.
 - (b) Planning is futuristic.
 - (c) Planning involves decision making.
 - (d) Planning is a mental exercise.
17. Which of the following activities is not considered to be part of customer support services?
 - (a) After sales services.
 - (b) Handling customer complaints and adjustments.
 - (c) Procuring credit services.
 - (d) Identifying the needs of the customers and taking various marketing decisions.
18. 'The principle will give rise to a spirit of mutual trust and belongingness among team members,' which principle of management started by Fayol is highlighted by this statement?
 - (a) Initiative
 - (b) Esprit de corps
 - (c) Equity
 - (d) Remuneration of employees
19. Which level of management is responsible for coordinating the activities of different departments according to overall objectives of the organization?
 - (a) Top level
 - (b) Middle level
 - (c) Supervisory level
 - (d) Both middle and supervisory level.
20. The purpose of 'departmentalisation' in the process of 'organising' is:
 - (a) To adapt changes in the business environment.
 - (b) To facilitate specialization.
 - (c) To facilitate expansion and growth of the organization without interrupting the existing operations.
 - (d) To help in increasing managerial efficiency.
21. Which of the following options explains the 'standardisation and grading' function of marketing?
 - (a) It affects the success or failure of a product in the market.
 - (b) It refers to designing and developing the package for the products.
 - (c) It helps in achieving uniformity and consistency in the output and classifies products into different groups based on their size.
 - (d) It reduces the need for inspection of products.
22. Business environment is said to be uncertain as:
 - (a) Different elements or parts of business environment are closely interrelated.
 - (b) It differs from country to country.
 - (c) It is difficult to predict future happenings especially when environment changes are taking place too frequently.
 - (d) It consists of numerous interrelated forces which arise from different sources.

23. Name the concept which explains the manner in which decision making responsibilities are divided among hierarchical levels:
 (a) Organizational structure
 (b) Span of management
 (c) Delegation (d) Decentralization
24. 'Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.
 Which principle of management given by Fayol is highlighted in the above statement?
 (a) Authority and responsibility
 (b) Discipline (c) Scalar chain
 (d) Centralisation and decentralisation
- Section-B**
25. 'Flavours of South' is a famous chain of South Indian restaurants. It believes in complete co-operation between the labour and management. It's management encourages the employees for their constructive suggestions. They take their employees into confidence for all important decisions.
 Which principle of scientific management has been followed by 'Flavours of South'?
 (a) Science, not rule of thumb
 (b) Harmony, not discord
 (c) Co-operation, not individualism
 (d) Development of each and every person to his or her greatest efficiency and prosperity.
26. Which of the following statements is correct with reference to 'organising' function of management?
 (a) Leads to systematic allocation of jobs and facilitates specialization.
 (b) Reduces the risk of uncertainty.
 (c) Helps in obtaining competent personnel.
 (d) Judges accuracy of standards.
27. Which of the following functions of marketing can improve performance of the product and also give it a competitive advantage in the market by attracting the target customers?
 (a) Marketing planning
 (b) Product designing and development
 (c) Promotion
 (d) Branding
28. Ram Murty, a professor of Management conducted a class on 'Management Principles' and explained to his students the significance of management principles. In the next class, the professor asked his students to play roles of different managers. He gave them various situations and asked them to think like managers and provide solutions to the problems given in these situations. Each student applied the principles of management to the given situation in his own personalized manner, depending upon his creativity.
 The nature of management highlighted in the above case is :
 (a) Management as a science
 (b) Management as an art
 (c) Management both as an art and as a science
 (d) Management as a profession
29. Pioneer Ltd. is dealing in fruit juices and hair oils. To ensure unity of action and coordination, it has made two separate divisions for each product. Each division has its own in charge, plans and execution resources. Thus, both the divisions are moving towards the same objectives through focused efforts. Identify the principle of management followed by Pioneer Ltd. In the above case.
 (a) Esprit de corps (b) Equity
 (c) Unity of direction
 (d) Authority and responsibility
30. The tool of promotion which involves making use of short term incentives designed to encourage the buyers to make immediate purchase of a product or a service is called:
 (a) Advertising (b) Personal selling
 (c) Sales promotion (d) Public relations
31. "The management gives a common direction to the individual effort in achieving the overall goal of the organization."
 Which point of importance of management is highlighted in this statement?
 (a) Helps in achieving personal objectives.
 (b) Helps in achieving group goals.
 (c) Helps to increase efficiency.
 (d) Helps to create a dynamic organization.
32. "Uttam Ayurvedic Ltd." is an established Indian company manufacturing organic consumer goods like toothpastes and shampoos. It has planned to increase its market share from 30% to 40% in the current financial year.
 With the expanding market of organic products, other companies in the consumer goods industry have also launched these products with organic components. The competition in the market has increased and it was found that the sales of Uttam Ayurvedic Ltd. came down and its market share was reduced to 23%.
 Identify the limitation of planning highlighted in the above case:
 (a) Planning may not work in dynamic environment.
 (b) Planning is time consuming.
 (c) Planning involves huge costs.
 (d) Planning reduces overlapping and wasteful activities.
33. Several initiatives have been undertaken by the government of India to encourage domestic manufacturing and export of defence equipments. 'Make in India' in defence, was one such scheme launched by the government to encourage companies across the world to manufacture defence products in India.
 To which dimension of business environment does the above case relates to ?
 (a) Economic environment
 (b) Legal environment
 (c) Political environment
 (d) Social environment
34. Which of the following statements is true?
 (a) Accountability can be entirely delegated.
 (b) Accountability flows downward.

- (c) Accountability refers to answerability for final outcome of the assigned task.
 (d) Accountability means the right of an individual to command his subordinates.
35. Which of the following feature of a profession is fully satisfied by management?
 (a) Service motive
 (b) Well defined body of knowledge
 (c) Restricted entry
 (d) Ethical code of conduct
36. 'Agile Pvt. Ltd.' manufactures athletic footwear. Owing to its popularity among sports teams across the country, it recently decided to enter into manufacturing of sports clothing and accessories. The type of organisational structure which is suitable for the company is:
 (a) Functional structure (b) Divisional structure
 (c) Horizontal structure (d) Informal structure
37. Fayol's principle of _____ emphasises on kindness and justice in the behaviour of managers towards workers.
 (a) Equity (b) Discipline
 (c) Esprit de corps (d) Scalar chain
38. Harshita Verma has set up a factory to manufacture herbal hand sanitizers in Meerut. The size and shape of the bottles in which the products are packed are specially designed so that it should be convenient to handle and use by the consumers. The bottles in which the sanitizers are packed is part of:
 (a) Primary packaging
 (b) Secondary packaging
 (c) Tertiary packaging
 (d) Both secondary and tertiary packaging
39. 'Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith'. This statement describes the following point of significance of principles of management:
 (a) Fulfilling social responsibility
 (b) Scientific decisions
 (c) Meeting changing environment requirements.
 (d) Optimum utilization of resources and effective administration.
40. 'SORT- IT Ltd.' is a leading software development company. The company is satisfying the diverse needs of its employees. Its employees are given competitive salaries and perks. They have been given chance for their personal growth and development. For harmony in the organization, management has to reconcile personal goals with organisational objectives. Identify the objective of management being met by 'SORT-IT Ltd.'
 (a) Social (b) Personnel
 (c) Organisational
 (d) Both social and personnel
41. The step in the process of 'planning' which is concerned with putting the plan into action i.e., doing what is required is called:
 (a) Implementing the plan
 (b) Follow-up action
 (c) Developing premises
 (d) Selecting an alternative
42. "The application of principles of management is dependent upon the prevailing situation at a particular point of time".
 The above statement highlights that principles of management are:
 (a) Flexible (b) Contingent
 (c) Behavioral (d) Universal
43. For the following two statements, choose the correct option:
Statement I: If the demand of a product is inelastic, the firm is in a position to fix higher prices.
Statement II: In case the degree of competition is high, the firm is in a position to set high prices.
 Choose the correct option from options given below:
 (a) Statement I is correct and statement II is wrong.
 (b) Statement II is correct and statement I is wrong.
 (c) Both the statements are correct.
 (d) Both the statements are wrong.
44. 'It acts as a binding force between departments and ensures that all action are aimed at achieving the goals of the organization'. The statement highlights the following characteristic of co- ordination:
 (a) Co-ordination is an all-pervasive function.
 (b) Co-ordination is the responsibility of all managers.
 (c) Co-ordination is a continuous process.
 (d) Co-ordination ensures unity of action.
45. 'While performing the organizing function, jobs are allocated to the members of each department in accordance with their skills and competencies.' Identify the step in the organizing function being discussed above:
 (a) Identification and division of work.
 (b) Departmentalisation.
 (c) Assignment of duties.
 (d) Establishment of reporting relationships.
46. The function of marketing, which involves taking decisions regarding channels of distribution or marketing intermediaries, is called:
 (a) Physical distribution (b) Promotion
 (c) Warehousing (d) Marketing planning
47. The _____ technique proposed by Taylor aims at eliminating unnecessary diversity of products.
 (a) Motion study
 (b) Standardisation and simplification of work
 (c) Differential piece wage system
 (d) Functional foremanship
48. Assertion (A): Delegation is a pre- requisite to the efficient functioning of an organization.
 Reasoning (R): It enables a manager to use his time on high priority activities.
 Choose the correct option:
 (a) Both (A) and (R) are incorrect.
 (b) (A) is correct, but (R) is incorrect.
 (c) Both (A) and (R) are correct and (R) is the correct explanation of (A).
 (d) Both (A) and (R) are correct, but (R) is not the correct explanation of (A).

Section-C

Read the following text and answer questions no. 49-54 on the basis of the same.

JS Printing Solutions Ltd. is a company manufacturing printers and scanners. The management of this company is known for speedy and prompt delivery of orders. As a result, the market share of this company is growing. The company grabbed a new project to supply 1,500 printers to Uprise Bank Ltd. for its various branches, within two weeks. The production manager, Ashok, made one of his efficient subordinates, Deepak, the in charge of the project and also gave him the right to command workers in order to meet the target. Now Ashok could use his time on high priority areas. He felt that this will also give an opportunity to Deepak to gain experience and develop himself for higher positions. On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfill the responsibility. Considering his responsibility, Ashok kept a track of the completion of work with Deepak and he provided him the needed guidance to reach the target on time.

49. Identify the concept of management used by Ashok to ensure accomplishment of the new project.
- (a) Functional structure (b) Divisional structure
(c) Delegation (d) Decentralisation
50. The application of the concept used above allows Ashok to use his time on high priority areas. This will lead to the organization towards:
- (a) Adaptation to change
(b) Effective management
(c) Economics of scale
(d) Reduction in conflicts among different divisions.
51. 'On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfill the responsibility given to him.'
- The concept discussed above helps in:
- (a) Departmentalization
(b) Reduction in conflicts among different divisions.
(c) Motivating the employees.
(d) Promoting control and co-ordination within a department.
52. The concept discussed above provides benefits to :
- (a) Superior only (b) Subordinate only
(c) Both superior and subordinate
(d) Neither superior nor subordinate
53. The concept discussed above helps in facilitation of growth of an organization as:
- (a) The subordinate gets freedom from routine work.
(b) Duplication of effort is avoided.
(c) The subordinate gains experience and he is in a position to take up leading positions in new ventures.
- (d) It makes training of employees easier.
54. Which of the following statements is not true about the concept discussed above?
- (a) It is a process followed to share tasks.
(b) It is necessary in all organisations.
(c) It helps to lessen the burden of a manager.
(d) It is a philosophy that implies selective disposal of authority.
55. In 'Delight Ice Creams Ltd.', decision making authority is concentrated at the top level and no authority has been delegated among the subordinates. On the other hand, in "Tasty Ice Creams Ltd.", a big organization as compared to 'Delight Ice Creams Ltd.', decision making authority is always delegated among more than one person. Identify the principle of management discussed above.
- (a) Stability of personnel
(b) Centralisation and decentralisation
(c) Authority and responsibility
(d) Scalar chain
56. Priya Seth, a fashion designer, has launched a new range of dresses by the name, 'Sukriti'. To give her dresses a distinct image and to distinguish them from the competitor's products, she has designed a unique symbol with a distinct colour scheme. This symbol is available on all the labels, packaging and advertising campaigns of this new range of dresses. She has also registered this symbol to give it a legal protection against its use by other firms. From the following, name the term used to denote the symbol designed by Priya Seth in the above case:
- (a) Brand mark (b) Trade mark
(c) Brand name (d) Brand icon
57. 'Safe Life Technologies Private Ltd.' is a renowned pharmaceutical company in India. It has launched a new medicine to treat high blood pressure. To create awareness about the new medicine and to build a positive image about it, the company organized a seminar, which was attended by doctors from various hospitals and dealers in medicines. During the seminar, the representatives of company discussed about the chemical composition and the functioning of the medicine. Identify the tool of promotion used by 'Safe Life Technologies Private Ltd.' in the above case:
- (a) Advertising (b) Sales promotion
(c) Personal selling (d) Public relations
58. Ritu Kapoor has set up a bakery 'Bakes and Cakes' in Pune. She receives online orders for cakes from within the city and supplies them on the same day. She set a target that she would earn a revenue of ₹ 5,00,000 in the first year. She informed her employees about the target and asked them to contribute ideas to achieve the same:
- Ritu Kapoor has performed the first step in the process of one of the functions of management. The next step to be performed is:
- (a) Identifying alternative courses of action

- (b) Setting objective
(c) Developing premises
(d) Follow-up action
59. Somesh works as a foreman in 'Lakshmi Automative Ltd.', a company manufacturing cars. He is subordinate to Ramesh, who is the production in charge in the factory. Somesh is in charge of timely and accurate completion of job by workers working in the production department. There are three other foremen who work under the production incharge, while four other foremen work under Naresh, the planning in charge in the factory. Each of the eight foremen is a specialist in his area and gives orders to the workers relating to it.
The technique of scientific management highlighted in the above case is:
(a) Method study
- (b) Differential piece wage system
(c) Functional foremanship
(d) Standardisation and simplification of work
60. Vidhya Public School is a renowned school in Nagpur. The management recently appointed a new Business Studies teacher, Shweta, to teach classes XI and XII and gave her a monthly salary of ₹ 50,000. Shweta is not satisfied with it and said "the salary is not just and equitable as per the amount of work required to be done by a Business Studies teacher. Other schools in the city are paying ₹ 70,000 to their teachers teaching classes XI and XII".
Name the principle of management that has been violated by Vidhya Public School in the above case:
(a) Discipline
(b) Remuneration of employees
(c) Equity
(d) Esprit de corps

□□□

ANSWERS

Section-A

1. (b) Efficient but not effective

Explanation: Efficiency means doing the task correctly and with minimum cost. Effectiveness in management is concerned with doing the right task, completing activities and achieving goals on time.

2. (c) Organising

Explanation: Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).

3. (b) Product concept

Explanation: The focus of Product concept is to bring continuous improvement in the quality of the product, incorporating new features, etc. Thus, product improvement is the key to profit maximisation of a firm, under the concept of product orientation.

4. (c) Time study

Explanation: The objective of time study is to determine the standard time taken for performing a specified job to ascertain the number of workers to be employed, incentive schemes and determine labour costs.

5. (d) Attitude of the elected government representatives towards business.

Explanation: Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.

6. (b) Transportation

Explanation: Transportation involves physical movement of goods from one place to the other. Generally, the users of products, particularly consumer products are widespread and geographically separated from the place these are produced, it is necessary to move them to the place where they are needed for consumption or use.

7. (a) Division of work

Explanation: According to Fayol, "The intent of division of work is to produce more and better work for the same effort. Specialisation is the most efficient way to use human effort. "Division of work leads to specialisation.

8. (c) Labelling

Explanation: Labelling refers to designing and developing the label to be put on the package. One of the most important function of labels is to give detailed information about the product i.e., describe the product, its usage, cautions in use, etc. and specify its contents.

9. (c) Evaluating alternative courses

Explanation: After all the alternative courses of action are identified, the next step is to weigh the pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.

10. (b) Responsibility

Explanation: Responsibility is the obligation of a subordinate to properly perform the assigned duty.

11. (a) Functional Structure

Explanation: Grouping of jobs of similar nature according to their functions and organising these major functions as separate departments creates a functional structure. Thus, a functional structure is an organisational design that groups similar or related jobs together.

12. (c) **Relying on previously tried and tested successful plan just because it had worked before and will work again.**

Explanation: Managers have a tendency to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again. Besides, there are so many other unknown factors to be considered.

13. (a) **Cost of producing, selling and distributing the product**

Explanation: One of the most important factor affecting price of a product or service is its cost. This includes the cost of producing, distributing and selling the product.

14. (c) **Workers and management towards one another from competition to cooperation.**

Explanation: Mental revolution involves a change in the attitude of workers and management towards one another from competition to cooperation. Both should realise that they require one another.

15. (b) **Promotion**

Explanation: Promotion is an important element of marketing mix by which marketers makes use of various tools of communication to encourage exchange of goods and services in the market.

16. (d) **Planning is a mental exercise**

Explanation: Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing.

17. (d) **Identifying the needs of customers and taking various marketing decisions.**

Explanation: Customer support services includes the services such as after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information.

18. (b) **Espirit de corps**

Explanation: Management should achieve promote teamwork especially in large organisations otherwise objectives would be difficult to achieve. A manager should replace 'I' with 'We' in all his conversations with workers to foster team spirit. This will give rise to a spirit of mutual trust and belongingness among team members.

19. (a) **Top level**

Explanation: Top Level Management's basic task is to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation. These top level managers are responsible for the welfare and survival of the organisation. They analyse the business environment and its implications for the survival of the firm. They formulate overall organisational goals and strategies for their achievement.

20. (b) **To facilitate specialisation**

Explanation: Once work has been divided into small and manageable activities, then those activities which are similar in nature are grouped together. This grouping process is called departmentalisation. Such sets facilitate specialisation.

21. (c) **It helps in achieving uniformity and consistency in the output and classifies product into different groups based on their size.**

Explanation: Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output. Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.

22. (c) **It is difficult to predict future happenings especially when environment changes are taking place too frequently.**

Explanation: Business environment is largely uncertain as it is very difficult to predict future happenings, especially when environment changes are taking place too frequently as in the case of information technology or fashion industries.

23. (d) **Decentralisation**

Explanation: Decentralisation explains the manner in which decision making responsibilities are divided among hierarchical levels.

24. (c) **Scalar chain**

Explanation: The formal lines of authority from highest to lowest ranks is known as scalar chain. According to Fayol, "Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates."

Section-B

25. (c) **Co-operation, not individualism**

Explanation: According to this principle, there should be complete cooperation between the labour and the management instead of individualism. For this, management should not close its ears to any constructive suggestions made by the employees. They should be rewarded for their suggestions which results in substantial reduction in costs. They should be part of management and, if any important decisions are taken, workers should be taken into confidence.

26. (a) **Leads to systematic allocation of jobs and facilitates specialisation**

Explanation: One of the importance of organising is that it provides benefits of specialisation. Organising leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.

27. (b) **Product designing and development**

Explanation: One of the important marketing activity or decision area relates to product designing and development. The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and also give it a competitive advantage in the market.

28. (b) **Management as an Art**

Explanation: Since art is concerned with personal application of knowledge, some kind of ingenuity and creativity is required to practice the basic principles learnt. The use of this basic knowledge varies from individual to individual. Art, therefore, is a very personalised concept. For example, two dancers, two speakers, two actors, or two writers will always differ in demonstrating their art.

29. (c) **Unity of direction**

Explanation: Unity of Direction means all the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts. Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.

30. (c) **Sales promotion**

Explanation: Sales promotion refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service. These include all promotional efforts other than advertising, personal selling and publicity, used by a company to boost its sales. Sales promotion activities include offering cash discounts, sales contests, etc.

- 31.(b) **Helps in achieving group goals**

Explanation: Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.

32. (a) **Planning may not work in dynamic environment**

Explanation: The business environment is dynamic, nothing is constant. It becomes difficult to accurately assess future trends in the environment. Planning cannot foresee everything and thus, there may be obstacles to effective planning.

33. (c) **Political environment**

Explanation: Political environment includes specific attitudes that elected government representatives hold towards business. Government decisions, builds up confidence among business people to invest in the long term projects for the growth of the economy.

34. (c) **Accountability refers to answerability for final outcome of the assigned task.**

Explanation: Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

35. (b) **Well defined body of knowledge**

Explanation: All professions are based on a well-defined body of knowledge that can be acquired through instructions. All over the world there is marked growth in management as a discipline. It is based on a systematic body of knowledge comprising well-defined business situations. This knowledge can be acquired at different colleges and professional institutes and through a number of books and journals. Thus, Management has a systematised body of knowledge.

36. (b) **Divisional Structure**

Explanation: For the enterprises which have more than one category of products to offer, or which wants to diversify into varied product categories, they reorganise themselves away from the simpler and basic functional structure towards a divisional structure which is more suited to their activities.

37. (a) **Equity**

Explanation: This principle emphasises kindness and justice in the behaviour of managers towards workers. "Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible," according to Fayol.

38. (a) **Primary packaging**

Explanation: It refers to the product's immediate container. In some cases, the primary package is kept till the consumer is ready to use the product.

39. (b) **Scientific decisions**

Explanation: Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation.

40. (b) **Personnel objective**

Explanation: Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs. Management has to reconcile personal goals with organisational objectives for harmony in the organisation.

41. (a) **Implementing the plan**

Explanation: This step is concerned with putting the plan into action, i.e., doing what is required. For example, if there is a plan to increase production then more labour, more machinery will be required. This step would also involve organising for labour and purchase of machinery.

42. (b) **Contingent**

Explanation: The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. The application of principles has to be changed as per requirements.

43. (a) **Statement I is correct and statement II is wrong.**

Explanation: The price will tend to reach the upper limit in case there is lesser degree of competition while under conditions of free competition, the price will tend to be set at the lowest level.

44. (d) **Coordination ensures unity of action**

Explanation: The purpose of coordination is to secure unity of action in the realisation of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

45. (c) **Assignment of duties**

Explanation: Once departments have been formed, each employee is placed under the charge of an individual. Jobs are then allocated to the members of each department in accordance to their skills and competencies.

46. (a) **Physical Distribution**

Explanation: Physical distribution covers all the activities required to physically move goods from manufacturers to the customers. The two major decision areas under this function include (a) decision regarding channels of distribution or the marketing intermediaries (like wholesalers, retailers) to be used and (b) physical movement of the product from where it is produced to a place where it is required by the customers for their consumption or use.

47. (b) **Standardisation and simplification of work**

Explanation: Simplification aims at eliminating superfluous varieties, sizes and dimensions while standardisation implies devising new varieties instead of the existing ones. Simplification aims at eliminating unnecessary diversity of products.

48. (c) **Both (A) and (R) are correct and (R) is the correct explanation of (A).**

Explanation: Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a prerequisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities.

Section-C

49. (c) **Delegation**

Explanation: If a manager desires to meet the organisational goals, he should focus on the objectives and ensure that all work is accomplished, he must delegate authority. Delegation is a prerequisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities.

50. (b) **Effective Management**

Explanation: By empowering the employees by delegation, the managers are able to function more efficiently as they get more time to concentrate on important matters.

51. (c) **Motivating the employees**

Explanation: Delegated responsibility for work builds the self esteem of an employee and improves his confidence. He feels encouraged and tries to improve his performance further.

52. (c) **Both Superior and subordinate**

Explanation: Delegation enables a manager to extend his area of operation as without it, his activities would be restricted to only what he himself can do. He can use his time on high priority activities. It also satisfies the subordinate's need for recognition and provides them with opportunities to develop and exercise initiative.

53. (c) **Subordinates gains experience and he is in a position to take up leading position in new venture.**

Explanation: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in

the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set up branches.

54. (d) It is a philosophy that implies selective dispersal of authority.

Explanation: Decentralisation is much more than a mere transfer of authority to the lower levels of management hierarchy. It is a philosophy that implies selective dispersal of authority because it propagates the belief that people are competent, capable and resourceful.

55. (b) Centralisation and Decentralisation

Explanation: The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. The degree of centralisation will depend upon the circumstances in which the company is working. In general, large organisations have more decentralisation than small organisations.

56. (b) Trade mark

Explanation: Brand Mark is that part of a brand which can be recognised but which is not utterable. It appears in the form of a symbol, design, distinct colour scheme or lettering. A brand or part of a brand that is given legal protection is called trademark.

57. (d) Public Relations

Explanation: Public relations involve a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public. Speeches by the company's executives at a meeting of trade associations or trade fairs can really boost the company's image.

58. (c) Developing Premises

Explanation: Once objectives are set, assumptions are made about the future. These assumptions are called premises. Assumptions are the base material upon which plans are to be drawn. Then, the next step would be to identify all the alternative courses of action to achieve the objectives.

59. (c) Functional Foremanship

Explanation: Functional foremanship is an extension of the principle of division of work and specialisation to the shop floor. Taylor advocated separation of planning and execution functions. Each worker will have to take orders from eight foremen (4 from Production and 4 from Planning) in the related process or function of production.

60. (b) Remuneration of employees

Explanation: The overall pay and compensation should be fair to both employees and the organisation. Remuneration should be just and equitable. This will ensure congenial atmosphere and good relations between workers and management. Consequently, the working of the company would be smooth.

Term – I

OMR SHEET

Booklet Series

A

Use English Numbers / Letters only. Use Blue / Black Ball Point Pen to write in box.

Booklet Series <input type="text"/>	Roll Number <input type="text"/>	<p>Proper Marking The OMR Sheet will be computer checked. Fill the circles completely and dark enough for proper detection. Use ballpen (black or blue) for marking.</p> <p>Avoid Improper Marking</p> <p>Partially Filled</p> <p>Lightly Filled</p>	Test Center Code ① ① ② ② ③ ③ ④ ④ ⑤ ⑤ ⑥ ⑥ ⑦ ⑦ ⑧ ⑧ ⑨ ⑨
(A) (B) (C) (D)	Name <input type="text"/> <input type="text"/> Test Date <input type="text"/> Student's Signature <input type="text"/> Invigilator's Signature <input type="text"/> Certified that all the entries in this section have been properly filled by the student.		
Subject <input type="text"/>	① ① ① ① ① ① ① ① ② ② ② ② ② ② ② ② ③ ③ ③ ③ ③ ③ ③ ③ ④ ④ ④ ④ ④ ④ ④ ④ ⑤ ⑤ ⑤ ⑤ ⑤ ⑤ ⑤ ⑤ ⑥ ⑥ ⑥ ⑥ ⑥ ⑥ ⑥ ⑥ ⑦ ⑦ ⑦ ⑦ ⑦ ⑦ ⑦ ⑦ ⑧ ⑧ ⑧ ⑧ ⑧ ⑧ ⑧ ⑧ ⑨ ⑨ ⑨ ⑨ ⑨ ⑨ ⑨ ⑨		

IMPORTANT

The candidate should check that the Test Book Series printed on the OMR Sheet is the same as printed on the Test Booklet. In case of discrepancy, the candidate should immediately report the matter to the invigilator for replacement of both the Test Booklet and the Answer Sheet.

Darken the circle for each question.

Q.No.	Response	Q.No.	Response	Q.No.	Response	Q.No.	Response
01	(A) (B) (C) (D)	16	(A) (B) (C) (D)	31	(A) (B) (C) (D)	46	(A) (B) (C) (D)
02	(A) (B) (C) (D)	17	(A) (B) (C) (D)	32	(A) (B) (C) (D)	47	(A) (B) (C) (D)
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09	(A) (B) (C) (D)	24	(A) (B) (C) (D)	39	(A) (B) (C) (D)	54	(A) (B) (C) (D)
10	(A) (B) (C) (D)	25	(A) (B) (C) (D)	40	(A) (B) (C) (D)	55	(A) (B) (C) (D)
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12	(A) (B) (C) (D)	27	(A) (B) (C) (D)	42	(A) (B) (C) (D)	57	(A) (B) (C) (D)
13	(A) (B) (C) (D)	28	(A) (B) (C) (D)	43	(A) (B) (C) (D)	58	(A) (B) (C) (D)
14	(A) (B) (C) (D)	29	(A) (B) (C) (D)	44	(A) (B) (C) (D)	59	(A) (B) (C) (D)
15	(A) (B) (C) (D)	30	(A) (B) (C) (D)	45	(A) (B) (C) (D)	60	(A) (B) (C) (D)