

**CBSE Class 12 Business Studies**  
**Sample Paper 05 (2019-20)**

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**Maximum Marks: 80**

**Time Allowed: 3 hours**

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**General Instructions:**

- i. This question-paper contains five Sections - A, B, C, D and E.
  - ii. Section - A contains questions 1 to 20 carrying one mark each. Answers to these questions may be given in one word or a sentence.
  - iii. Section - B contains questions 21 to 25 carrying three marks each, answers to these questions may be in 50 to 75 words.
  - iv. Section - C contains questions 26 to 28 carrying four marks each. Answers to these questions may be in about 120 words.
  - v. Section - D contains questions 29 to 31 carrying five marks each. Answers to these questions may be in about 150 words.
  - vi. Section - E contains questions 32 to 34 carrying six marks each. Answers to these questions may be in about 200 words.
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**Section A**

1. Policy formulation is the function of:
  - a. Top-level managers
  - b. All of the above
  - c. Middle-level managers
  - d. Operational managers
2. Whirlwind Enterprises was a renowned name for manufacturing quality washing machines since 1965. When the profit of the last year declined, Mr. Ahmed, the owner of Whirlwind Enterprises, asked the General manager to prepare a profitability report

of the company including Gross profit Ratio, Net Profit Ratio, etc. besides using other techniques to assess the company's performance.

Identify the step taken by Mr. Ahmed which is related to controlling.

3. Which is not a separate function of management out of the following?
  - a. Cooperating
  - b. Planning
  - c. Staffing
  - d. Controlling
4. External environment trends and changes will provide \_\_\_\_\_
  - a. Less Competition
  - b. Goodwill
  - c. Profits
  - d. Threats
5. The Production Manager of a company asked the supervisors working under him to observe the performance of every worker carefully and report to him which of them required the training to be given to them. All the supervisors did the same and the Production Manager received the list of those workers who were in need of training. Now the Production Manager was thinking about who would give the training? when the training would be given? what the duration of the training would be and where the training would be given?  
Identify the type of plan described in the paragraph given above.
6. Authority delegated to a subordinate can be taken back under \_\_\_\_\_
  - a. None of these
  - b. Centralisation
  - c. Delegation

d. Decentralisation

7. Human Resource Management includes many specialised activities except\_\_\_\_

a. Training and development of employees

b. Starting a company

c. Collecting information about jobs

d. Searching for qualified people

8. Financial management is mainly concerned with \_\_\_\_\_.

a. Efficient management of productivity

b. Procurement of funds, investment of funds and utilisation of funds

c. Profit maximisation

d. Arrangement of funds

9. Planning without controlling is \_\_\_\_\_

a. Cheap

b. Meaningless

c. Costly

d. Effective

10. The main profession of Henry Fayol, in the beginning, was \_\_\_\_\_

a. He was mining engineer

b. He was managing director

c. He was a businessman

d. He was an Author

11. The Main purpose of Selection is \_\_\_\_\_
- a. To Select Recruiters
  - b. To Select board members
  - c. To Select most suitable candidate
  - d. To attract more candidates
12. Plans can be implemented after the \_\_\_\_\_.
- a. Selecting an alternative
  - b. Setting objectives
  - c. Developing premises
  - d. Follow up action
13. Shareholders funds refer to \_\_\_\_\_
- a. All of these
  - b. Reserves
  - c. Share capital
  - d. Surpluses and Retained Earnings
14. A consumer contest is an example of \_\_\_\_\_.
- a. public relations
  - b. sales promotion
  - c. personal selling
  - d. advertising
15. A capital market is ideal when:
- a. Financial institutions are sufficiently developed

- b. Finance is available at reasonable cost
- c. All of these
- d. Capital is most productively allocated

16. Higher debt-equity ratio results in:

- a. higher degree of financial risk
- b. higher degree of operating risk
- c. higher EPS
- d. lower financial risk

17. Reenu purchased one litre of pure Desi Ghee from a shopkeeper. After using it she had a doubt that it is adulterated. She sent it for a laboratory test which confirmed that the Ghee is adulterated.

State relief available to Reena, if she complains and the consumer court is satisfied with the genuineness of the complaint.

- a. All of these
- b. Replacement of ghee
- c. Compensation
- d. Refund of the price

18. Current assets of a business firm should be financed through:

- a. long-term liability only
- b. None of these
- c. current liability only
- d. both types (i.e. long and short term liabilities)

19. State true or false:

If Mr. Jalaj have purchased a product after due precaution, he cannot exercise his

right to seek redressal.

20. In case the aggrieved party is not satisfied with the order of the District Forum, Within which period a complaint must be filed before the State Commission?
- a. Within 60 days
  - b. Within 120 days
  - c. Within 90 days
  - d. Within 30 days
21. Zenith Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organisation are very happy and they discuss how they came in contact with this organisation.
- Aman said that he was introduced by the present Sales Manager, Mr. John.
- Benu said that he had applied through the newspaper and was appointed as the H.R. Manager.
- Vaibhav said that he was neither related to any employee of the organisation nor was there any advertisement in the newspaper, even then, he was directly called from IIM Ahmedabad from where he was about to complete his MBA.
- a. The above discussion is indicating an important function of management. Name the function of management.
  - b. The management function identified in part (a) follows a particular process. Explain the step of this process which is being discussed in the above paragraph.

**OR**

KFC Corporation founded Kentucky Fried Chicken in 1952 which has grown to become the leading fast-food chain restaurants in Louisville in US. KFC mainly sells burgers, grilled and roasted chickens, salads, wraps and others along with desserts and side dishes. KFC uses both internal and external sources of recruitment. The Restaurant Managers and Shift Supervisors are never hired externally at the outlets. Only Team members and Assistant Restaurant Managers are hired externally to induce fresh blood in the organization. For internal recruitment employees are

informed about the vacancy so that they can give reference to the management team about the potential candidate for the position. Also, there is a job opportunities page on the company's website so that people can send their CVs directly to the HR department. These resumes are stored in the company's database for future usage purpose when there is vacancy within the organization.

In context of the above case:

- a. Identify the respective sources of internal and external recruitment being adopted by KFC.
  - b. List anyone disadvantage each of using internal and external sources of recruitment.
  - c. Why do you think Restaurant managers and Shift managers are appointed only through internal sources?
22. Name the incentive which refers to 'give more autonomy and powers to subordinates' and how are people affected by this incentive?
23. **Aapka Vidyalaya** believes in the holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its Founder's Day, a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all the members supported each other. With mutual trust and a sense of belonging, the programme was systematically planned and executed. Kartik, one of the prefects, realised that the group had unknowingly applied one of the principles of management while planning and executing the programme. He was so inspired by the success of this function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.
- a. Identify the principle of management applied for the success of the programme.
  - b. State any two features of management highlighted in the above paragraph
24. Mansi, a shoe manufacturer for school students, decided to maximise her profit by producing and distributing at large scale and thereby reducing the Average Cost of production.

- i. Identify the marketing management philosophy adopted by Mansi.
- ii. Explain this philosophy or concept on the basis of
  - a. Main focus
  - b. Means and ends

25. Suryansh booked a flat through a private builder in Greater Noida, Uttar Pradesh at the cost of Rs.2 crores. As per the terms of the contract, the builder promised to provide him with all the basic and modern amenities such as continuous electric supply, CCTV Camera, Club facility, good quality of water, good security etc. Although he was given the possession of the flat in time, the builder did not provide all the basic and common facilities which also included 3 tier security having CCTV camera coverage for each floor. Suryansh kept complaining to the builder after possession of the flat for non-installation of CCTV camera and other common and basic amenities as promised at the time of the agreement, but the builder kept assuring him that he will do the needful and he need not worry. After a month, Suryansh had to travel abroad, so he left his home with his flat duly locked. But on his return, he found that his flat has been robbed and theft of Rs.10,000 and Jewellery worth Rs.10 Lac had taken place. He complained to the builder that had CCTV cameras been installed, it would have been a deterrent and the theft would not have been taken place. Also, CCTV would have ensured that no unwanted person would have entered the building. When Suryansh discussed this incident with his friend Sooraj, who runs a consumer association, he advised him to file a case against the builder.

In the context of the above case:

- a. Name the right of consumer that Sooraj has advised Suryansh to exercise.
- b. State any three functions highlighting the role of a consumer association.

26. Paytm is an Indian e-payments and e-commerce brand based out of Delhi NCR, India. Launched in August 2010, it is a consumer brand of parent company One97 Communications. The name is an acronym for "Payment Through Mobile". The company employs over 13,000 employees as of January 2017 and has 3 million offline merchants across India. It also operates the Paytm payment gateway and the Paytm Wallet. Starting from March 2017, Paytm expanded its services to Canada with the launch of Paytm Canada. Paytm has targeted each and every person irrespective of age, income, gender or status as its



target customer because it wants to penetrate in every nook and corner of India. Some of its major competitors are JioMoney, Airtel Money, Mobikwik and Freecharge. It acts as a portal to shop for multiple products from apparel to electronic items. The government is propagating the cashless economy system and this has helped Paytm in its endeavour. In the year 2015 Reserve Bank of India granted it a license to start the first payment bank in India. Demonetization of currency notes has also worked heavily in favor of the company and led to a substantial increase in inactive users. In the context of the above case:

- a. Identify and explain any three dimensions of the business environment being referred to them in the above case by quoting lines from the paragraph.
- b. Outline the concept of 'demonetization'.

27. Anubhav has set up an export house after completing his masters in fashion designing. As the quality of the garment depends on the quality of raw material used, he assures that the fabric meets the requirements by conducting a series of tests for the fabrics like shrinkage test, testing colour fastness to washing, colour fastness to light, colour fastness to perspiration etc through laboratory tests. Later on, at the production areas, fabric inspection is also conducted by stopping the production process. The tests help to detect the deviations and also take corrective action. Moreover, he ensures that complete training about production work was given to every worker at the time of joining his export house.

In context of the above case:

- a. Identify the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house.
- b. Briefly explain the term 'deviations'.
- c. Give any three advantages of giving training to the employees.

28. Briefly explain following money market instruments:

- i. Commercial paper
- ii. Commercial bill

**OR**

What are the main objectives of financial management? Briefly explain.

29. Solution Ltd. is a popular company manufacturing air conditioners. The company has the policy of paying proper attention to the training of the managers. The organisation teaches various principles of management to the managers whenever required so that they can apply them and understand the practical aspects of business through them. Year by year the organisation is able to increase its revenue. This is because the managers are able to economically use the funds of the company and increase the output of the workers through various principles of management. The company has decided to donate 10% of their earnings to a nearby orphanage. Identify and explain the three importance of principles of management highlighted above by quoting the lines.

**OR**

As students of a management course, Karan and Kunal were asked to prepare a project report on the applicability of principles of management in real business situations. In order to conduct the survey, Kunal had selected an outlet of a popular chain of fast-food restaurants whereas Karan visited a nearby departmental store. When Kunal presented his report to the class, Karan realized that their observations were matching on various grounds. In both the business units, work is divided into small tasks and each is performed by a trained employee. A set of rules are predetermined and communicated to the employees for compliance and there is a fixed place for everything and all employees have been allotted individual space. Moreover, the managers encourage a spirit of mutual trust and belongingness among the employees so that the need for imposing penalties is reduced.

In the context of the above case:

- a. Identify and explain the various principles of management being described above.
  - b. How are the principles of management different from values?
30. 'Apna Ghar/ a company dealing in consumer durables plans to increase the sale of its products by 25% around Diwali this year. Moreover, in order to cash on the implementation of the seventh pay commission by that time, which is likely to raise the income of 47 lakh serving employees of the Central government and 52 lakh

pensioners, the company has created 30 advertisement films which will be aired across 85 national and regional channels until Diwali.

In the context of the above case:

- a. Identify the two different types of plans that 'Apna Ghar' proposes to implement by quoting lines from the paragraph.
  - b. Distinguish between the two types of plans as identified in part (a).
31. Explain briefly any four factors affecting the fixed capital requirements of an organisation.
32. What is the difference between delegation of authority and decentralisation?
33. Two friends, Nancy and Poonam, are working as managers in the different departments of **Libra Limited**. They often talk about the performance level in their respective departments. Both of them are not satisfied with their subordinates. They tried to ascertain when the employees got their full salaries, what problem they had in working honestly. After investigating for some days, they arrived at the conclusion that there was a lack of motivation in their company. Both held a meeting together in order to find out the solution to the problem. Nancy suggested the participation of the employees in the Company's Profits, which she thought would create in the employees the feeling of belongingness to the company. Such a feeling, she was of the view, would have a direct influence on their performance level. Poonam, on the basis of her experience, said that if the feeling of Job Security was aroused in the employees, there could be an improvement in their performance level. Both of them contacted their Chief Executive Officer-CEO with their suggestions. All the three of them deliberated over this issue. The CEO listened to them very attentively. He said, Both of you are right, but I too have a suggestion. If the employees are made participants in taking decisions, they will feel good and their performance level will improve. Ultimately, the company implemented the suggestions of all the three of them.
- In the above paragraph, three different persons have spoken about the three methods of motivation. Identify these methods and explain.

**OR**

“Leadership is considered as the most important element of the directing function of

management”. In the light of this statement, explain the importance of leadership.

34. Radhika was a student of Business Studies of class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation.

As a project-work in Business Studies, she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use the internet to gather customers’ views and opinions. She found that there was a huge demand for packaged organic rice.

She knew that there were no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of ‘Malabari Organic Rice’ and classified it into three different varieties namely—popular, classic and supreme, based on the quality. She felt that these names would help her in product differentiation.

Explain the three functions of marketing, with reference to the above paragraph.

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**Solution**

**Section A**

1. (a) Top level managers

**Explanation:** Top level managers formulate the plan and policy for overall organisation. Middle level managers is responsible for implementing and controlling plans, policies and strategies developed by top management. Operational/Supervisory management directly oversee the efforts of the workforce.

2. Measurement of actual performance

3. (a) Cooperating

**Explanation:** There are five functions of Management, Which are as follow :-

1. Planning   2. Organising   3. Staffing   4. Directing   5. Controlling

Cooperating is not a separate function of management. Cooperating means work together for a common purpose or benefits. While performing different functions of management, Members of an organisation may cooperate each other. Cooperation can be there in all the functions of management. But it can not be considered as a separate function of management.

4. (d) Threats

**Explanation:** Business environment is the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise and it may affect its performance. Thus while analysing through SWOT analysis, trends and changes comes under threats.

5. Training Programme or Programme.

6. (c) Delegation

**Explanation:** Authority delegated should be matched with the responsibility. If authority delegated is more than the responsibility then it will be misused. Therefore

the authority should be taken back to match with responsibility.

7. (b) Starting a company

**Explanation:** HRM involves determining the organisation's need of human resources, recruitment and selection of best employees, training and development, compensation and reward to the employees. It also deals with liaising with government and trade unions etc.

8. (b) Procurement of funds, investment of funds and utilisation of funds

**Explanation:** Procurement of funds, investment of funds and utilisation of funds

9. (b) Meaningless

**Explanation:** The process of controlling starts with planning the task and ends with taking corrective actions to rectify the variations or deviations occurred. Thus, if we need to take corrective actions we need to access the deviations. Thereby looking into the plan and comparing with the actuals is an integral part of controlling function.

10. (a) He was mining engineer

**Explanation:**

- **Henry Fayol was a mining engineer in the beginning.**
- Later on he started at the mining company 'Compagnie de commentary-Fourchambean-Decazeville, ultimately acting as its managing director

11. (c) To Select most suitable candidate

**Explanation:** Objective of selection is to eliminate the unsuitable or less suitable candidates and find out the suitable candidates. It is a negative activity.

12. (a) Selecting an alternative

**Explanation:** Selecting an alternative

13. (a) All of these

**Explanation:** The funds which remain invested in the business for a longer period of time and generally, not refunded during the life of the business. For example equity shares, retained earnings, reserves etc.

14. (b) sales promotion

**Explanation:** sales promotion

15. (c) All of these

**Explanation:** An ideal capital market is defined by a set of five assumptions.

i: capital markets are frictionless

ii: All market participants share homogenous expectation, value relevant information is costlessly available to all market participants.

iii: All market participants are atomistic. No single market participant can affect the market price of a security via trades.

iv: The firm's investment program is fixed and known.

v: The firm's financing is fixed. Once chosen, the firm's capital structure is fixed.

16. (d) lower financial risk

**Explanation:** Financial Risk refers to the chance that a firm will fail to meet its payment obligations. A higher debt to equity ratio indicates that more creditor financing (bank loans) is used than investor financing (shareholders). Higher use of debt increases the fixed financial charges (Interest on Debt) of a firm. As a result, increased use of debt increases the financial risk of a firm.

17. (a) All of these

**Explanation:** All of these

18. (d) both types (i.e. long and short term liabilities)

**Explanation:** Current assets are those assets which, in the normal routine of the business, get converted into cash or cash equivalents within one year e.g. inventories, debtors etc. Hence these should be financed by both long term and short term liability.

19. False

20. (d) Within 30 days

**Explanation:**

- A complaint can be made to the appropriate District Forum when the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 20 lakhs.
- In case the aggrieved party is not satisfied with the order of the District Forum, he can appeal before the State Commission within 30 days of the passing of the order.

21. a. The function of management being referred to in the above lines is

'Staffing'. Staffing is the process of hiring eligible candidates in the organization or company for specific positions. In management, the meaning of staffing is an

operation of recruiting the employees by evaluating their skills, knowledge and then offering them specific job roles accordingly. Let us find out more about what is Staffing and what it entails along with its functions and characteristics.

- b. Recruitment is the step in the staffing process which is being discussed in the above paragraph. The process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost-effective manner. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization.

The various sources of recruitment mentioned in the above paragraph are:

Aman: Recommendation of present employee.

Benu: Advertisement in newspaper

Vaibhav: Campus recruitment.

**OR**

- i. **The respective sources of internal and external recruitment being adopted by KFC are:**
  - a. **Internal sources:** Internal sources of recruitment involve motivating the employees of the organization to apply for the openings within the organization. Job openings are informed to the employees of the same organization by giving internal advertisements, word of mouth or communication through the hierarchy. Many organizations are practicing this approach to motivate the skilled employees of the organization, to reduce the employee turnover, to reduce the cost and to get a competitive advantage. Various methods of internal sources or recruitment are as follows.
  - b. **External sources:** External sources of recruitment involve motivating the skilled and more efficient candidates external to the organization to apply for the vacant positions in the organization. Job openings are informed to the external environment by using various methods such as advertisements, campus recruitment, employment exchanges, walk-in interviews, organizational websites, job fairs, and job portals.
- ii. **One disadvantage of using internal sources of recruitment** is that Internal sources of recruitment reduce the scope of finding skilled and more efficient people.
- iii. **One disadvantage of using external sources of recruitment** is a limited



understanding of the company: When a candidate is selected from an external recruitment process, there is a possibility that the candidate might have **less chance of understanding the environment of the company**. And this lesser understanding can make a big difference in the future activities of the company.

- iv. The Restaurant managers and Shift managers are appointed only through internal sources because they are well versed with the work culture of the organization and this enables them to take effective decisions and actions.
22. Employee Empowerment: Empowerment means giving more autonomy and powers to subordinates. Empowerment makes people feel that their jobs are important. This feeling contributes positively to the use of skills and talents in the job performance.
23. The principle of management applied for the success of the programme is **Espirit de Corps**. This principle forces on promoting team spirit of unity and harmony among employees.
- ii. The two features of management that are highlighted in the given paragraph are as follows:
    - a. **Goal-Oriented:** Management is goal-oriented, as it has a pre-defined set of goals towards which the organization works. In the given case, the school has a set of pre-defined goals such as the development of students and the encouragement of team building. Also, the goal was set for the perfect execution of the Founder's Day Programme.
    - b. **Group Activity:** Management is a group activity, as it involves the collective efforts of various individuals working in the group. In the given case, the efforts of all the students and prefects were pulled in with mutual trust and support.
24. i. Production concept or philosophy: In the given case, the shoe manufacturer decided to maximize the profits by increasing the production, therefore, the manufacturer decided to focus on the production of shoes and make it a base for maximizing the profits.
- ii.
    - a. **Main focus:** Main focus of this concept is to maximize the quantity of product. The quality and other attributes of the product were not given importance.

b. **Means:** Availability and affordability of the product.

**Ends:** Earning profits through large scale production and distribution.

25. a. Sooraj has advised Suryansh to exercise Right to be heard(As stated in Consumer Protection Act, 1986 the right to be heard and to be assured that consumer's interests will receive due consideration at appropriate forums).
- b. The three functions highlighting the role of a consumer association are listed below:
- i. Educating the general public about consumer rights.
  - ii. Conducting comparative testing of consumer products available in the market.
  - iii. Filing complaints in appropriate consumer courts on behalf of the consumers.
26. a. The various dimensions of the business environment being referred to in the above case are as follows:
- i. Technological Environment: The line from the given paragraph is "Paytm is an Indian e-payments and e-commerce brand based out of Delhi NCR, India."
  - ii. Political Environment: The line from the given paragraph is "The government is propagating the cashless economy system and this has helped Paytm in its endeavour."
  - iii. Legal Environment: The line from the given paragraph is "In the year 2015 Reserve Bank of India granted it a license to start first payment bank in India."
- b. Demonetization is the act of scrapping a currency unit of its status as legal tender.
27. A. Controlling is the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house. Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.
- B. The term 'deviations' refers to the difference between the actual performance and planned performance. If the actual performance is more than the planned performance, it may be said to be positive in nature or vice-versa.
- C. The benefits of training and development to an organisation are as follows:

- i. **Increased productivity:** Training and development directly improve efficiency and productivity of employees. Employees remain up to date with new technology and thus use existing ones in a better way. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources when employees are properly trained.
- ii. **Less supervision:** Training improves necessary skill sets in employees and empowers them to address tasks independently. In other words, a well-trained employee will be well acquainted with the job and hence they need less supervision.
- iii. **Reduction of errors & accidents:** Most of the errors occur because of many employees lack the desired knowledge and precise skills required for doing a particular job. Continuous Training and development ensure that employees get the right skills at right time. The more trained an employee is, the less are the chances of committing errors in job.

In addition to the above scenarios training and development leads to improved profitability and more positive attitudes towards profit orientation, it also aids in organizational development i.e. organization gets more effective decision making and problem-solving. Training and development helps in understanding and carrying out organizational policies thereby developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful employees and managers usually display. Training and development demonstrate a commitment to keeping employees on the cutting edge of knowledge and practice.

28. i. **Commercial Paper:** Commercial paper is a short-term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by financially sound reputed corporate enterprises. They are issued for a period of 15 days to one year. These are sold at a discount and redeemed at par/ They can be issued in denominations of Rs.5 lakh and in multiples thereof. It is used to raise short term funds at lower rates of interest than market rates. These are negotiable instruments i.e., they are freely transferable by endorsement and delivery. Usually, the commercial banks and mutual funds invest in this instrument. For example, Suppose a Company needs long-term finance to buy some Plant and Machinery. In order to raise the long-

term funds in the capital market the company will have to incur floatation costs (costs associated with floating of an issue such as brokerage, commission, printing of prospectus, application forms and advertising etc.) Commercial paper may be issued to meet the floatation costs. This is known as Bridge Financing.

- ii. **Commercial Bill:** A commercial bill is a bill of exchange used to finance the working capital requirements of business firms. It is a short-term negotiable, self-liquidating instrument which is used to finance the credit sales of the firm. It is a written acknowledgement of debt, where seller (drawer) draws a bill of exchange and the buyer (drawee) accepts it. On being accepted, the bill becomes a marketable instrument and is called a Trade Bill. Trade bills are commonly used in credit sales and purchase. A trade bill can be discounted with the bank if the seller (drawer) needs funds before the date of maturity of the bill. If the trade bill is accepted by a commercial bank, then it is known as Commercial Bill. The difference between the face value of the bill and the amount paid prior to the maturity date is called the discount charged by the bank. They are generally issued for a period of 90 days. These are negotiable instruments i.e., they are freely transferable by endorsement and delivery.

**OR**

Main objectives of financial management:

- i. To maximize the shareholders' wealth by utilizing funds in an optimum manner and investing in the right project yielding higher returns.
  - ii. To increase the market price of shares by following investment avenues with a higher ROI.
  - iii. To take important financial decisions which will ultimately be gainful from the point of view of shareholders.
  - iv. To choose the best alternative from the various available alternatives in order to make a wise investment.
29. i. **Providing managers with useful insight into reality-** The organisation teaches .... practical aspects of the business through them.
- Management principles help in increasing managerial efficiency by adding to their knowledge and ability to understand the various situations. Management principles guide managers to make the right decision, at the right time by

improving their knowledge, ability and understanding of managerial situations. These principles enable managers to learn from past mistakes and to save time by solving recurring problems quickly.

- ii. **Optimum utilisation of resources-** This is because the managers are....through various principles of management.

Management principles aim at optimum utilisation of all types of resources for the achievement of organisational goals. By optimum utilisation, we mean that the resources should be used in such a manner that they provide maximum benefit with minimum cost.

- iii. **Fulfilling social responsibility-** The company has decided to donate.....to a nearby orphanage.

## OR

- a. The various principles of management being described above are as follows:

- i. **Principle of Division of work:** According to Fayol, "The intent of division of work is to produce more and better work for the same effort. Specialization is the most efficient way to use human effort." He advocates that this principle of division of work applies to all kinds of work both technical as well as managerial

- ii. **Principle of Discipline:** Discipline refers to the obedience to organizational rules and employment agreement which are necessary for the working of the organization. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

- iii. **Principle of Order:** According to Fayol, "People and materials must be in suitable places at the appropriate time for maximum efficiency." The principle of the order states that 'A place for everything (everyone) and everything (everyone) in its (her/his) place'. A sense of orderliness will lead to increased productivity and efficiency in the organization.

- iv. **Principle of Espirit De Corps:** According to Fayol, "Management should promote a team spirit of unity and harmony among employees." A manager should replace 'I' with 'We' in all his conversations with workers to promote teamwork. This approach is will give rise to a spirit of mutual trust and belongingness among team members. It will also reduce the need for using penalties.

- b. The principles of management serve as a broad and general guideline for managerial

decision making and action. Whereas, Values are the standards set in terms of suitability or desirability on the basis of perspective and general belief about what is right or wrong. For example, at Infosys, one of the values towards customers is "To surpass client expectations consistently".

- 3d. **Objective** and **Strategy** are the two different types of plans that 'Apna Ghar' proposes to implement.

Objective: "Apna Ghar', a company dealing in consumer durables, plans to increase the sale of its products by 25% around Diwali this year."

Strategy: "Moreover, in order to cash on the implementation of the seventh pay commission by that time which is likely to raise the income of 47 lakh serving employees of the Central government and 52 lakh pensioners, the company has created 30 advertisement films which will be aired across 85 national and regional channels until Diwali."

- ii. The difference between objectives and strategy is outlined below:

S.No.	Basis	Objectives	Strategy
1.	Meaning	Objectives are the end results of the activities that an organization seeks to achieve through its existence.	A strategy is a comprehensive plan prepared for winning over the given challenge or problem.
2.	Source	Objectives are based on the mission or philosophy of the organization.	A strategy is based on the objectives of the organization.
3.	Level of persons involved	Objectives are determined by top-level management.	A strategy may be determined by top-level or middle-level management.

31. **The main factors affecting the requirement of fixed capital are discussed below:**

- Nature of Business:** The type of business Co. is involved in is the first factor which helps in deciding the requirement of fixed capital. A manufacturing company needs more fixed capital as compared to a trading company, as trading company does not need plant, machinery, etc.
- Scale of Operation:** The companies which are operating at large scale require

more fixed capital as they need more machineries and other assets whereas small scale enterprises need less amount of fixed capital.

- iii. **Technique of Production:** Companies using capital-intensive techniques require more fixed capital whereas companies using labour-intensive techniques require less capital because capital-intensive techniques make use of plant and machinery and company needs more fixed capital to buy plants and machinery.
- iv. **Technology Up-gradation:** Industries in which technology up-gradation is fast need more amount of fixed capital as when new technology is invented old machines become obsolete and they need to buy new plants and machinery whereas companies where technological up-gradation is slow they require less fixed capital as they can manage with old machines.

32.

S.no	Basis	Delegation of Authority	Decentralisation
1	Nature	It is compulsory act because no individual can perform all tasks on his own.	It is an optional policy decision. It is done at the discretion of the top management.
2	Scope	It involves entrusting the authority by a manager to his immediate subordinates in a work unit. Thus, it is narrow in scope.	It involves systematic delegation of authority at all levels and in all functions of the organisation. It is an extension of delegation to the lowest level in the organisation. It amounts to pushing down authority to all managerial levels. Thus, it is wider in scope.
3	Purpose	To lessen the burden of the manager.	To increase the role of the subordinates in the organisation by giving them more autonomy.
		It is a process	

4	Status	followed to share tasks.	It is the result of the policy decision of the top.
5	Freedom of action/Control	Subordinates have less freedom of action since they are kept under close supervision by their superiors.	Managers have greater freedom of action since they are not kept under close supervision by their superiors.

33. i. Nancy gave the suggestion of Profit-Sharing.

**Profit-Sharing:** The earned profit of a business organisation is the outcome of the efforts of two parties, namely owners and employees. The owners invest money and employees provide services to fulfil the objectives. Consequently, the owners get profit in lieu of their investment whereas the employees get salary/wages for providing services. Although the employees naturally get their remuneration as a reward of their services yet sometimes they are made part of the profit earned by the company with the hope that they will provide services with full potential, labour, and honesty. The plan of profit thus given is known as profit sharing.

ii. Poonam gave the suggestion of Job Security.

**Job Security:** Job security is an important non-monetary motivator. Security of a job means a feeling of permanence and stability. For example, if an employee has a sense of fear or insecurity in his mind, that he can be removed from his job any time, he will never work wholeheartedly and this worry continues troubling him. On the other hand, if he has a feeling that his job is secure and permanent and he cannot be removed from his job easily, he will work without any worry and with an easy mind. Consequently, his efficiency increases. This is the reason why people prefer a permanent job with less salary to a temporary job with more salary.

iii. **CEO gave the suggestion of Employee Participation:** Employees get encouraged to notice their participation in managerial works. Therefore, they offer their full cooperation in making successful the policies prepared with their help.

OR



Leadership is not only an essential component of security management, it is a lost art. Leadership is also an elusive component of many individual corporate cultures. If a security management recruiting firm specializes in recruiting qualified security professionals to lead their client companies security function, the security recruiters must select the proper candidates. This blog post will analyze and interpret the demand I see in today's market for strong security management leaders. Leader is the most important element of directing because of the following reasons:

- i. **Influences the behaviour of Employees:** Leadership plays important role in influencing the behaviour of employees and makes them to positively contribute their energies for the benefit of the organization. A good leader plays important role in motivating the people for higher performance and achievement of goals.
- ii. **Maintains personal relations:** Leadership is concerned with maintaining good personal relations. A leader helps in building the confidence of employees and provides them support and encouragement. This helps in creating healthy working environment.
- iii. **Introduces changes:** In the dynamic environment of today, frequent changes are required in the structure and working of an organization. A leader plays important role in introducing required changes in an organization. He also inspires his followers to accept changes whole heartedly.
- iv. **Handles conflicts:** A leader handles conflicts effectively and does not allow adverse effects resulting from the conflicts. A leader explains the goals and objectives to the followers and plays key role in resolving the conflict arising in the group. A good leader always allows his followers to ventilate their feelings and disagreement but persuades them by giving suitable clarifications.
- v. **Provides training:** A good leader always helps his followers and provides them training which help in the smooth functioning of an organization. Effective leadership results in overall growth and development of individuals.

34. Three functions of marketing are:

- i. **Gathering and analyzing market information/market research:** To gather market information, the marketer makes a SWOT analysis, i.e. the analysis of strengths, weaknesses, opportunities, and Threats of the organization. Collection of market information is necessary to identify the views and opinions and needs

of customers before taking decisions regarding what opportunity can be best pursued by the firm. As in this case, Radhika gathered information from the internet regarding the customer's views and opinions. She tried to investigate the tastes and preferences of the customers based on which the product can be marketed. An able marketer always makes detailed research about the market in which it desires to launch its product and then only introduces it in the market.

- ii. **Standardization and grading:** Radhika analyzed that there are no pre-determined specifications in case of rice so she decided to classify them on the basis of quality. Thus grading function of marketing was done. Grading helps in making the product available to different segments of customers which could be lower, middle or high-income group segments.

**Standardization** -The term 'standardization' is derived from the word 'standard', which means the presence of certain desirable qualities like durability, safety, purity and other features like design, weight, color, etc in a product.

Standardization refers to the process of setting certain standards for a commodity on the basis of its desired qualities. It implies that the different units of the commodity are of a specified and uniform quality. It facilitates the sale of goods through description and increases the confidence of consumers.

**Grading** - It refers to the process of dividing products into classes made up of units possessing similar characteristics. It involves division of products into classes, lots of groups in accordance with pre-determined grades of quality. Grading helps in fixing and securing remunerative prices for the products.

- iii. **Branding:** To differentiate the product from its competitors she gave a name to the product as 'Malabari Organic Rice' Branding refers to the process of giving a name, sign, symbol or a combination of all to a product for creating its identification. It helps to differentiate the product from other products available in the market It also helps to build customer's loyalty and promoting its sales. With the help of Branding, the company can make the customers feel alike with the product, like in this case, the brand 'Malabari Organic Rice' showcases the place of origin of the product as well as its quality.