

SAMPLE QUESTION PAPER -1
BUSINESS STUDIES (054)
TERM II (2021-22)
Class XII

Time Allowed: 2 Hours

Maximum 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 questions paper contains Case/Source Based Questions.

1. What do you mean by controlling? 2

Ans. Controlling means ensuring that activities in an organisation are performed as per the plans, and resources are being used effectively and efficiently for the achievement of predetermined goals. Controlling is one of the important functions of management. It is a pervasive function because it is required in all types of organisation and at all levels of management. It is a continuous process and completes the management cycle.

2. "SEBI is the watchdog of the securities market". Do you agree? Give four reasons in support of your answer. 2

Ans. I agree with the statement due to the following reasons:

- (a) SEBI prohibits fraudulent and unfair practices at securities markets
- (b) It controls insider trading
- (c) It lays down a code of conduct in securities markets
- (d) It regulates transactions on stock exchange.

3. Explain in brief the two internal sources of recruitment. 2

Ans. The two internal sources of recruitment are as follows:

- (i) **Transfers:** It involves shifting of an employee from one job or department to another without a significant change in the responsibilities, salary and status of the employee. Shortage of people in one branch or department can be easily met through transfer from other branch or department. Transfer is a horizontal movement of employees.
- (ii) **Promotions:** Promotion involves shifting of an employee from a lower job to a higher position with a significant increase in the responsibilities, pay and status. Vacancies at higher levels can be filled by promoting lower level personnel. Promotion is a vertical movement of employees.

4. Explain the concept of 'Motivation' and 'Leadership'. 2

Ans. Motivation: It is the process of inspiring employees to contribute their best efforts towards the achievement of organisational goals.

Leadership: It is the process of guiding and supporting employees in the accomplishment of both organisational goals and individual goals.

5. XY Ltd. is a large manufacturing unit. Recently, the company has conducted time and motion studies and concluded that, on an average, a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units.

What steps will you suggest to ensure that the actual performance is in accordance with the performance as per time and motion studies? 3

Ans. To improve the level of production, the following steps are required:

- (i) If the workers are wasting their time in idle activities, then such activities should be prevented through strict supervision.

- (ii) Workers may have some problems in understanding the production method. Such problems should be solved through training and guidance.
- (iii) Machines and instruments may not be working properly. They should be repaired or replaced.
- (iv) Incentives should be given to efficient workers so as to motivate other workers for higher production.

6. Why has staffing function assumed greater importance these days? Give three reasons.

3

OR

How does directing help in efficient and effective functioning of the organisation? Explain by giving any three points.

Ans. Staffing function has assumed greater importance these days due to the following reasons:

- (a) increasing size of organisation.
- (b) rapid advancement of technology.
- (c) complicated behaviour of human beings.

OR

Directing helps in efficient and effective functioning of the organisation in the following ways:

- (i) **Initiates action:** Directing helps to initiate action towards the attainment of desired objectives. For example, when a superior guides workers in their tasks, the workers begin to achieve their targets.
- (ii) **Integrates employee efforts:** Directing integrates individual efforts into team work. For example, a manager through his leadership skills can convince his subordinates to cooperate with each other.
- (iii) **Realises employee potential:** Directing helps employees to realize their full potential. Through motivation and leadership a manager can extract work upto the full potential of his subordinates.

7. What is meant by 'Long Term Investment Decision'? State any three factors which affects the long term investment decision.

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Ans. Long term investment decision means investing funds for a long term in fixed assets. The three factors that affect the long-term investment decision are:

- (i) Cash flows of the proposed investment/project
- (ii) The expected income from the investment/project
- (iii) Degree of risk involved in the investment/project.

8. Why is leadership considered as the most important element of directing function of management? Give any three reasons.

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Ans. Leadership is considered as the most important element of directing function of management due to the following reasons:

- (a) Leadership helps in guiding and inspiring employees towards the attainment of organizational goals.
- (b) It secures cooperation of members of the organization and creates confidence among them.
- (c) It helps in improving job satisfaction and productivity.

9. Explain the responsibilities of a consumer.

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OR

Explain the redressal machinery available to consumers under the Consumer Protection Act, 2019.

Ans. (i) Be *aware* about various goods and services available in the market so that an *intelligent and wide choice* can be made.

(ii) *Buy only standardized 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 source 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.

- (ix) *Form consumer associations* which would play an active part in educating consumers and safeguarding their interests.
- (x) *Respect the environment.* Avoid waste, littering and pollution.

OR

The redressal mechanism available under the Consumer Protection Act, 2019 is as follows:

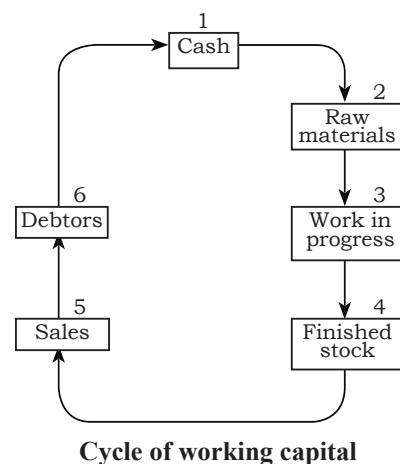
- (i) **District Commission:** A complaint can be made to appropriate District Commission when the value of goods or services in question along with the compensation claimed does not exceed ₹ 1 crore. On receiving the complaint the District Commission shall refer it to the concerned party. If necessary the goods shall be sent for testing in a laboratory. After considering the test report and hearing the other party, the District Forum shall pass an order. In case the aggrieved party is not satisfied with the order, an appeal can be made before the state commission within 45 days of passing of the order.
- (ii) **State Commission:** A complaint can be made to the appropriate State commission when the value of goods or services in question along with the compensation claimed exceeds ₹ 1 crore but does not exceed ₹ 10 crores. On receiving the complaint the state commission shall refer the complaint to the concerned party and shall send the goods for testing in a laboratory. The state commission shall pass an order after considering the test report and hearing the other party. In case the aggrieved party is not satisfied with the order, it can appeal before the National Commission within 30 days of passing of the order.
- (iii) **National Commission:** A complaint can be made to the National Commission if the value of goods or services in question along with the compensation claimed exceeds ₹ 10 crore. On receiving the complaint, the National Commission shall refer it to the concerned party. If necessary the goods shall be sent for testing in a laboratory. The National commission shall pass an order after considering the test report and hearing the other party. If the aggrieved party is not satisfied with the order, an appeal can be made to the Supreme Court. Only those appeals can be made to Supreme Court where the value of goods or services along the compensation claimed exceeds ₹ 10 crores.

10. Explain five factors determining the fixed capital of an enterprise.

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Ans. Factors determining the fixed capital of an enterprise are given below:

- (i) **Nature of business:** A manufacturing enterprise and a public utility concern require a large amount of fixed capital as compared to a trading or commercial concern.
- (ii) **Scale of operations:** A large-scale enterprise generally requires greater fixed capital than a small-scale enterprise. For instance, a large-scale steel enterprise like the Tata Steel requires huge investment in fixed assets in comparison with a mini steel plant.
- (iii) **Choice of technique:** A capital-intensive enterprise requires higher investment in plant and machinery than a labour-intensive enterprise. For example, more capital is needed in a powerloom unit than in a handloom unit.
- (iv) **Technology ungradation:** In industries like computers, assets become obsolete faster and are replaced much sooner. Therefore, organisations using assets which are prone to obsolescence require more fixed capital.
- (v) **Growth prospects:** A fast-growing enterprise needs more investment in fixed assets than a slow-growing enterprise.



11. Explain 'Staffing' as a function of management. Also explain by giving any four reasons why proper staffing is required in an organisation?

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Ans. Staffing is that part of the process of management which is concerned with making available, utilising and maintaining a satisfactory and satisfied work force.

Proper staffing is required in an organisation because:

- (a) It helps in discovering and selecting competent work force.
- (b) It ensures higher performance by placing the right person on the right job.
- (c) It ensures survival and growth of the enterprise through succession planning for managers.
- (d) It helps to ensure optimum utilisation of human resources.

12. Explain the various money market instruments.

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OR

Explain the trading procedure on a stock exchange.

Ans. Money market instruments are as follows:

- (i) **Treasury bill:** A treasury bill is basically an instrument that represents short-term borrowing by the Government of India. It matures in less than one year. It is issued by the Reserve Bank of India on behalf of the Government. It is issued in the form of a promissory note. A treasury bill is highly liquid with an assured yield and negligible risk. It is issued at a price which is lower than its face value and repaid at par.
- (ii) **Commercial paper (CP):** It is a short-term unsecured promissory note negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by large and creditworthy companies to raise short-term funds at lower rates of interest than market rates. Its maturity period is usually 15 days to one year. It is sold at a discount and redeemed at par.
- (iii) **Call money:** Call money is short-term finance repayable on demand with a maturity period of one day to fifteen days. It is used for interbank transactions. It is a method by which banks borrow from each other in order to maintain the Cash Reserve Ratio. The interest rate paid on call money is known as the call rate which varies from day-to-day and sometimes even from hour-to-hour.
- (iv) **Certificate of deposit (CD):** A certificate of deposit is an unsecured, negotiable, short-term instrument in bearer form. It is issued by commercial banks and developmental financial institutions. It can be issued to individuals, corporations and companies during periods of tight liquidity. It helps to mobilize large amount of money for a short period.
- (v) **Commercial bill:** It is a bill of exchange used to finance the working capital requirements of business firms. It is a short-term negotiable and self-liquidating instrument used to finance the credit sale of business firms. The seller of goods draws the bill and buyer accepts it. On acceptance, the bill becomes a negotiable instrument and is called a trade bill. The bill can be discounted with a bank before maturity. When a trade bill is accepted by a commercial bank it is known as a commercial bill.

OR

- (i) **Choice of Broker:** First of all the buyer or seller of securities chooses the broker through whom the deal is to be made.
- (ii) **Opening Demat Account:** The investor opens a demat account with a depository participant. He also needs to have a bank account.
- (iii) **Placing the Order:** The investor places an order with his broker specifying the details of securities to be bought or sold.
- (iv) **Execution of Order:** The broker buys/sells the securities as per the order, whenever the desired price occurs in the stock market.
- (v) **Issue of Contract Note:** The broker sends a note to the investor specifying the securities, the price, the total amount of the deal and the brokerage.
- (vi) **Settlement:** The investor pays money by cheque and the securities are transferred from the seller's account to the buyer's demat account.

