

**Class: XII**  
**SESSION : 2022-2023**  
**SUBJECT: BUSINESS STUDIES**  
**SAMPLE QUESTION PAPER - 4**  
**with SOLUTION**

**MM – 80**

**TIME: 3 HOURS**

**General instructions :**

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. A car manufacturer offers to sell a particular brand of car at a discount of ₹ 10,000 for a limited period. Identify the sales promotion activity in the above example. **[1]**
  - a) Refund
  - b) Rebate
  - c) Discount
  - d) Product combinations
2. \_\_\_\_\_ aims to help each other. **[1]**
  - a) Planning
  - b) Staffing
  - c) Coordination
  - d) Cooperation
3. Of the following sources of funds, \_\_\_\_\_ are Owner's Funds. **[1]**
  - a) All of these
  - b) Preference share capital
  - c) Equity share capital
  - d) Reserves and surpluses
4. A producer of Surajmukhi claimed in an advertisement in a national newspaper that his product has a large amount of Vitamins, Minerals, and Protein. However, tests indicated that it was a false claim. Whose example is this? **[1]**
  - a) Information for consumer
  - b) Welfare of consumer
  - c) Exploitation of consumer
  - d) Attracting consumers
5. Planning is the function of the: **[1]**
  - a) Accountant
  - b) Manager
  - c) Organization
  - d) Government
6. Which of the following is not a part of capital market? **[1]**
  - a) Stock Exchanges
  - b) Financial Institutions
  - c) Banks
  - d) RBI

7. When does the measuring of actual performance become meaningful? [1]
- a) When standards are not flexible      b) When the standards have not been set
- c) When standards are not quantitative      d) When the standards have been set
8. What out of the following happens because of the optimum amount of working capital? [1]
- a) Decrease in liquidity      b) Decrease in profitability
- c) Profitability increases      d) Both profitability and liquidity will increase
9. After crossing the bar of physical test which letter is given to the selected person? [1]
- a) Appointment Letter      b) Both appointment letter and letter of regret
- c) Letter of Regret      d) Recruitment letter
10. Authority delegated to a subordinate can be taken back under \_\_\_\_\_. [1]
- a) None of these      b) Centralisation
- c) Delegation      d) Decentralisation
11. What type of instruments are traded in a Money Market? [1]
- a) Call money      b) Commercial bills
- c) All of these      d) Treasury bills
12. Current assets of a business firm should be financed through: [1]
- a) long-term liability only      b) None of these
- c) current liability only      d) both long and short term liabilities
13. Star Industries (India) Limited provides training based on one of the scientific principles of management to make the workers learn the best method of production which emphasises that each employee in the organisation should be scientifically selected and the work assigned to the employees should suit their physical, mental and intellectual capabilities. [1]
- Which scientific principle of management is followed in the organisation?
- i. Development of each and every person to his or her greatest efficiency and prosperity
- ii. Harmony, not discord
- iii. Science, not Rule of Thumb
- iv. Cooperation, not individualism



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

14. Which amount of the following statements is true? [1]

- i. Higher competition requires larger stocks to meet urgent orders from customers which results into requirement of more working capital.
- ii. The companies having growth prospects require lesser amount of working capital.
- iii. If the rate of inflation is high, an organisation is required to invest less in working capital.
- iv. All of the above

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

15. **Planning is deciding in advance what to do when to do it, and who is to do it.** [1]  
This is described by:

- a) Terry                                  b) Haimann  
c) Allen                                 d) Koontz and O'Donnell

16. Which of the following functions is performed by the middle-level management? [1]

- i. Analysis of business environment and its implication for survival of organisation
- ii. Maintenance of quality output and minimisation of wastage
- iii. Formulation of organisational goals and strategies
- iv. Interpretation of the policies framed by the top management

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

17. Treasury bill is issued by: [1]

- i. development of the financial institution
- ii. commercial bank
- iii. selected individuals
- iv. reserve bank of India

- a) iii and iv                      b) only iv  
c) ii and iii                        d) i and ii

18. Planning is a \_\_\_\_\_ process. [1]

- a) continuous                      b) annual  
c) periodic                         d) casual

19. **Employee 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, which inturn help them to give better performance.** [1]  
Which importance of controlling is highlighted above?
- |  |                                       |
|--|---------------------------------------|
| a) Improves employee motivation        | b) Accomplishing organisational goals |
| c) Facilitating coordination in action | d) Making efficient use of resources  |
20. Short-term Investment Decision is also known as \_\_\_\_\_. [1]
- |                      |                      |
|----------------------|----------------------|
| a) Dividend Decision | b) None of these     |
| c) Working capital   | d) Capital Budgeting |
21. Mr. Sanjiv Sharma after completing his studies in M.B.A. was appointed in the Research and Development Department of **Dimple Flour Mills Pvt. Ltd.** Soon after his appointment, the company placed a problem before him. The company said that most of its employees did not appear to be happy and that he should do research on this problem and give his suggestion to them. Mr. Sharma interacted with hundreds of employees of the company and tried to ascertain why were they not happy. In the course of his interaction with the people, he tried to know their expectations from the company. About 22% of people told him that they were happy with the company. The remaining 78% of people stated different reasons for their not being happy. About 80% of them told that they were never consulted regarding any of the decisions of the company; every decision was imposed upon them. After doing a complete analysis, Mr. Sharma told the company that the people who were working as Managers would have to change their leadership style. On the basis of the paragraph given above identify the leadership style is often used in the company, and state its meaning. [3]
22. With the introduction of per second call plan by MTS (a leading mobile network Co.), most of the other cellular companies also started offering per the second plan, in order to survive and maintain their market share. Discuss the feature of management highlighted in the given case. [3]
23. Explain the following rights of a consumer as provided under Consumer Protection Act 1986: [3]
- Right to choose; and
  - Right to consumer education.
- OR
- Who is a consumer as per CPA?
24. Wadhwa Ltd. has decided to improve its image in the stock market and wants the investors to invest more money in its shares. The highly ambitious company has planned to increase the dividends of its shares for the third successive year. The increase has also been substantial. The idea is to send great news in the market [3]



regarding the performance of the company in order to booster its image.  
Identify and explain the factor affecting dividend decision highlighted above.

OR

Mr. Abeer Dahiya, finance manager of Nidhi Logistics Ltd. has a proposal to replace Pentium III computers with Pentium V computers. Which decision of financial management is highlighted in these lines? How are investment decisions crucial for the business?

25. Describe briefly the steps in the process of controlling. [4]

OR

Textile manufacturer Super textiles reported a 43% fall in its profits in the fourth quarter ended 31 March 2017, which is beyond the acceptable range 25% decided by the company. This was due to higher fuel cost and lower yield on account of demonetization. The company aims to implement cost-saving measures by restructuring contracts and its business processes to meet its targets in the future.

- a. Name the function of management discussed above.
- b. Also, identify and explain the steps of the function of management discussed above.

26. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analyzing and predicting the future to meet future events effectively. As they are responsible for providing direction to the organization, facts are thoroughly checked using scientific calculations. Detailed plans are prepared after discussion, with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them. State any two limitations and any two features of planning discussed above. [4]

OR

Inspite of best efforts of managers, sometimes planning fails to achieve desired results due to its limitations. Give any two points.

27. There are three departments, Arts, Science and Commerce in a college. Dr. Sahil Budhiraja is the head of all the three departments. He is an M.Com., PhD. Dr. Rekha Sood is the Principal of the college. She always keeps this in mind that whatever message she is to convey to the teachers should be routed through the medium of head of the department. All teachers have also been instructed that they too should communicate with the Principal through the medium of head of the department. Thus there is a pre-defined arrangement of communication in the college. Dr. Budhiraja is looking after three departments of different nature. He is not able to control them properly. A principal is also not satisfied with his performance. Identify and explain two principles of management mentioned in the above paragraph. Quote the lines of the identified principles. [4]



28. 'AS Environs Ltd' is dealing in Environment-Consultancy. To get the business, the team leader and his team used to travel to different states to give a presentation to their clients. As per the policy of the company, the team leader used to travel by air whereas his team travelled by road/train. It was not only time consuming, but also at times forced the female team members to travel alone. [4]  
As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO of the company came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that in future all the members including the leader would travel together and usefully utilise the travelling time in discussion about the presentation to be given to the clients. This made a positive impact and H every member of the team started acting in a manner as desired by the team leader. State the features of the element of the function of management used by the CEO.
29. Good Health Ltd, a pharmaceuticals company, has introduced mosquito repellent bands under the brand name 'Jaddu' in the wake of outbreak of Dengue in various parts of the country. The product attracted many people from all age groups, especially kids. However, the company failed to provide adequate guidance for the users on the label of the product in terms of time period of the effectiveness of the repellent band once its seal is opened. Because of this ambiguity, many buyers faced problems. [4]  
In context of the above case:  
a. Identify and explain the consumer right which has been overlooked by the company.  
b. Name and explain any two functions of the important product-related aspect ignored by the company.
30. Explain the working of a demat system? [4]
31. 'Kolkata Rice Foods Limited' is a well known rice producing company. The sales have been falling down right from the beginning of the year. The Managing Director Mr Dhiru Bhai Aggarwal is worried about this situation. With a view to find out the solution of this problem, he made a team of four persons. In this team one Manager, one Deputy Manager, one Supervisor and one Senior Worker were included. After the survey, he told the following four reasons for the falling down of the company's sales. [6]  
i. On account of increase in Export Duty made by the Government, the foreign demand has gone down.  
ii. On account of the availability of several eatable substitutes the attention of people has been diverted from rice.  
iii. Some other rice producing companies have set up Imported Machines with which they are producing better quality.  
iv. The export has been affected on account of bitterness created in the relations with one of the chief rice importing countries.  
When this report reached the Managing Director, he arrived at the conclusion that all these changes had taken place so fast that they had not been able to guess or to cope with them in time.  
a. Identify the Dimensions of Business Environment discussed in the above case by quoting the relevant lines.



- b. Which point of importance of Business Environment has the Managing Director admitted his inability to make a guess of?

OR

Tinku is an eight-year-old boy. As his mother's birthday was drawing closer he wanted to buy a gift for her from his pocket money. So he decided to empty out his piggy bank. He calculated his total savings as Rs. 2500. When he shared his plan with his father he agreed to take him to a nearby mall to buy a gift. Tinku selected a beautiful handbag for his mother worth Rs. 2500 at a store. When Tinku handed over the money from his piggy bank to the shopkeeper, he refused to accept a five hundred rupees note saying that it is no longer valid currency. Tinku was very surprised. Then his father explained to him that what the shopkeeper was saying is true as that particular type of five hundred rupees notes has been discontinued by the government.

In the context of the above case:

- a. Identify the concept being discussed in the above paragraph because of which a currency note becomes invalid.
- b. State any three features of the concept as identified in part (a) of the question.

32. Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee learning. They had entered into alliances with institutes to ensure continuous learning of their employees. With the jobs becoming more and more complex, KLI Global Services invested large amount of money in making the employees learn the skills necessary to complete the jobs. State by giving any five points, how this investment is likely to benefit the organisation? [6]

OR

Prateek has started an advertising agency in Gurgaon. One of the pages on his company's website contains the following information, "Welcome to all the visitors of this page who are looking for an opportunity to make a career in the field of advertising. The openings are available in the company at various levels, so don't miss the chance." This page includes a link to provide further details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on. Through a continuous assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives and in relation to the number and type available, he gets the information on this page updated. In the context of the above case:

- a. Identify and explain the steps in the staffing process being carried out by Prateek by quoting lines from the paragraph.
- b. Name the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.

33. 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. [6]

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.

34. Aman, Avneesh and Amrish have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform: [6]

- i. Purchase of raw materials
- ii. Purchase of machinery
- iii. Production of toys
- iv. Arrangement of finance
- v. Sale of toys
- vi. Identifying the areas where they can sell their toys
- vii. Selection of employees

In order to facilitate the work, they thought that four managers should be appointed to look after: (a) Production (b) Finance (c) Marketing (d) Personnel

You are required to:

- a. Identify the functions of management involved in the above-mentioned para.
- b. Quote the lines from the above para which help you identifying this function.
- c. State the steps followed in the process of this function of management.



## SOLUTION

1. **(b)** Rebate

**Explanation:** Offering products at special prices, to clear off excess inventory is called rebate.

2. **(d)** Cooperation

**Explanation:** Cooperation is an act of working or acting together for a common purpose for the benefit it aims to help each other. It is more or less active assistance from a person, organisation etc.

3. **(a)** All of these

**Explanation:** Owners' funds consist of equity share capital, preference share capital and reserves and surpluses or retained earnings.

4. **(c)** Exploitation of consumer

**Explanation:** The exploitation of consumer is indicated here by giving wrong information.

5. **(b)** Manager

**Explanation:** Planning is the function of the Manager.

6. **(d)** RBI

**Explanation:** The Reserve Bank of India is India's central banking institution, which controls the monetary policy of the Indian rupee. RBI is not a part of the capital market.

7. **(d)** When the standards have been set

**Explanation:** Standards are the criteria against which actual performance would be measured. Standards serve as benchmarks towards which an organization strives to work.

8. **(d)** Both profitability and liquidity will increase

**Explanation:** The optimum amount of working capital means there is an excess of current assets over current liabilities which means both profitability and liquidity are in good shape and both will increase.

9. **(a)** Appointment Letter

**Explanation:** Appointment Letter as applicant is appointed

10. **(c)** Delegation

**Explanation:** Authority delegated should be matched with 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.

11. **(c)** All of these

**Explanation:** Types of money market instruments are, Treasury Bills. Treasury bills (T-bills) are short-term notes issued by the U.S. government, Federal Agency Notes, Short-Term Tax Exempts, Certificates of Deposit, Commercial Paper, Bankers' Acceptances, Repurchase Agreements.

12. **(d)** both 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.

13. **(a)** Option (i)

**Explanation:** Development of each and every person to his or her greatest efficiency and prosperity

14. **(b)** Option (i)

**Explanation:** 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.



15. **(d)** Koontz and O'Donnell

**Explanation:** A definition by Koontz and O'Donnell

16. **(d)** Option (iv)

**Explanation:** Interpretation of the policies framed by the top management

17. **(b)** only iv

**Explanation:** Issued by Reserve bank of India on behalf of Central Government.

18. **(a)** continuous

**Explanation:** Planning is a continuous process.

19. **(a)** Improves employee motivation

**Explanation:** Controlling sets up some standard of employees and employees know the standards against which their performance will be measured. It thus, increases employee motivation.

20. **(c)** Working capital

**Explanation:** Short term investment decisions are the decisions related with the bills receivables, inventories, levels of cash and debtors etc. These decisions are also known as working capital decisions.

21. The Autocratic Leadership style is being used in the company.

**Meaning of Autocratic Leadership Style:** It refers to that leadership style in which the leader tends to run the show all by himself.

22. Management is a dynamic function:

- i. Management is a dynamic function and has to adapt itself to the changing environment.
- ii. An organisation interacts with its external environment which consists of various social, economic and political factors.
- iii. In order to be successful, an organisation must change itself and its goals according to the needs of the environment. For example, McDonalds, the fast food giant made major changes in its menu to be able to survive in the Indian market.

23. i. **Right to consumer education** The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life. Many consumer organisations and some business are actively educating consumers. He should be aware of his rights and the reliefs available to him in case of a product or service falls short of his expectations.
- ii. **Right to choose** A consumer has a right to choose from a wide 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 among them.

OR

A Consumer is a person or a group of people who buys and uses a product or service at a particular time. It is a person who purchases a product or avails a service for a consideration, either for his personal use or to earn his livelihood by means of self-employment. The consideration may be: Paid, Promised, Partly paid and partly promised. It also includes a beneficiary of such goods/services when such use is made with the approval of such a person. A consumer is the end-user of a product and this is the one who completes the process of production. It is a consumer who establishes a sustainable relationship with the seller or producer of a product.

24. **Stock Market Reaction:** Rate of dividend and market value of the share are directly related to each other. It means that if the dividend is declared at a higher rate, then it leads to an increase in the market price of shares, whereas, low rate of dividend decreases the market price of the share. Therefore, a finance manager should always keep in mind the effect on the market price of shares while taking a decision about the dividend.

OR



The given lines highlight the investment decision. Investment decisions are crucial for business because of the following reasons:

- i. Investment decisions are long-term investments and, therefore, considered irreversible.
- ii. Investment decisions generally involve commitment of huge funds.
- iii. Investment decisions are very significant from the point of view of profitability and future of the company.

**25. Controlling Process consists of following systematic steps:**

**1. Setting Performance Standards:**

The first step in the process of controlling is concerned with setting performance standards. These standards are the basis for measuring the actual performance.

Thus, standards act as a lighthouse that warns & guides the ships at sea. Standards are the benchmarks towards which efforts of entire organisation are directed. These standards can be expressed both in quantitative and qualitative terms.

**2. Measurement of Actual Performance:**

Once the standards have been determined, the next step is to measure the actual performance. The various techniques for measuring are sample checking, performance reports, personal observation etc. However, in order to facilitate easy comparison, the performance should be measured on same basis that the standards have.

**3. Comparing Actual Performance with Standards:**

This step involves comparing the actual performance with standards laid down in order to find the deviations. For example, performance of a salesman in terms of unit sold in a week can be easily measured against the standard output for the week.

**4. Analyzing Deviations:**

Some deviations are possible in all the activities. However, the deviation in the important areas of business needs to be corrected more urgently as compared to deviation in insignificant areas. Management should use critical point control and management by exception in such areas.

**5. Taking Corrective Action:**

The last step in the process of controlling involves taking corrective action. If the deviations are within acceptable limits, no corrective measure is required. However, if the deviations exceed acceptable limits, they should be immediately brought to the notice of the management for taking corrective measures, especially in the important areas.

OR

- a. Controlling is the function of management discussed above. 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 steps of controlling process discussed above are stated below:
  - i. **Establishing standards:** This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance.  
Control standards are categorized as quantitative and qualitative standards.



**Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.

- ii. **Measurement of actual performance:** The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- iii. **Comparison of actual performance with the standard:** This compares the degree of difference between the actual performance and the standard.
- iv. **Taking corrective actions:** It is initiated by the manager who corrects any defects in actual performance.

**26. The features of planning which are discussed in the given situation are:**

- i. Planning contributes to Objectives: Planning starts with the determination of objectives. We cannot think of planning in absence of objective.
- ii. Planning is Primary function of management: Planning is the primary or first function to be performed by every manager.

**Limitations:**

- i. Planning leads to rigidity: Once plans are made to decide the future course of action the manager may not be in a position to change them.
- ii. Planning may not work in dynamic environment: Business environment is very dynamic as there are continuously changes taking place in economic, political and legal environment. It becomes very difficult to forecast these future changes.

OR

**Planning may not work in a dynamic environment:** The rapidly changing situations present a serious difficulty in the task of planning. All business organizations are subject to change in varying degrees. Factors like taste and preference, competitor's policy, government policy, technological changes etc that change very rapidly and are quite unpredictable which makes planning an arduous task. Thus, planning does not work in a dynamic environment.

**Planning reduces creativity:** Planning restricts creativity because it is usually done by the top level of management and the rest of the organization just have to implement it. Also, all the activities are preconceived and predetermined at the stage of planning itself. There is no scope for middle and lower level managers to deviate from the plans. Thus, it discourages creativity.

27. i. She always keeps this in mind that whatever she is to convey to the teachers she communicates it through the medium of head of the department. (Principle of Scalar Chain)  
College is following this principle. By following this principle orderly flow of communication is established.
- ii. Dr. Budhiraja is looking after three departments of different nature. (Principle of Unity of Direction)  
College is ignoring this principle. Nature of the three departments of the college is different. As such, their heads should not only be different but also such persons as belong to the concerned department. By pursuing this principle, the efficiency of the organisation improves.
28. The function of management being performed by the CEO is 'Direction' and the element of 'Direction' used by him is 'Motivation'.  
Motivation means incitement or inducement to act or move. In the context of an organisation, it means the process of making subordinates to act in a desired manner to achieve certain organisational goals.  
The distinct features of motivation are:



- i. **Motivation is a psychological phenomenon:** It is a personal and internal feeling like an urge, drives, desires and aspirations of a human being, which influence human behaviour.
  - ii. **Motivation may be positive or negative:** Positive motivation means inspiring people to work better by providing incentives and negative motivation means forcing people to work by threatening or punishment.
  - iii. **Motivation is a complex process:** As the individuals are heterogeneous in their expectations, perceptions and reactions. Motivation being an internal feeling cannot be observed directly. Since motives themselves are dynamic, it further adds to complexity.
  - iv. **Goal directed behaviour:** Motivation inspires an employee to achieve goals. Thus, it encourages goal directed behaviour.
29. The Right to information is being overlooked by the company in the above mentioned case.
- a. According to the Right to information, a consumer has the right to get complete information about the product he/she intends to buy including its contents, date of manufacture, date of expiry, price, quantity, directions for use etc. Also, as per law, it is mandatory for the marketers to provide complete information about the product/ service to the buyers.
  - b. The important aspect related to the marketing of products which has been ignored by the company is Labelling.  
Labelling is the display of label in a product. A label contains information about a product on its container, packaging, or the product itself. It also has warnings in it. For e.g. in some products, it is written that the products contain traces of nuts and shouldn't be consumed by a person who's allergic to nuts. The type and extent of information that must be imparted by a label are governed by the relevant safety and shipping laws. Labelling is also an important part of the brand of the product and the company. It helps the product stand out in the market, and identifies it as a part of a particular brand. This is important in the era of high and intense competition.
  - c. The two important functions performed by labelling are:
    - i. Describes the product and specifies its contents: Labelling provides information about the core function of the product i.e. how and why the product is likely to be beneficial to the prospective buyers. It educates them about the usage and precautions related to the product. It also gives detailed information about the ingredients of the product.
    - ii. Helps in identification of the product or brand: The label contains the logo, brand name, tagline, name and address of the manufacturer etc. of the product which helps in easy identification of the product.
30. The working of a demat system is as below:  
When you buy shares, the broker credits your demat account with the shares and these are reflected in your statement of holdings. If you are trading through an internet based platform, you can view your holdings online. Typically the broker credits the shares on T+2, that is trading day + 2 days after that. When you sell the shares, you need to give your broker a delivery instruction note, where in you fill the various details of the stock sold. Your account is debited with the shares and you are then paid the money for the shares sold. If you are trading through the internet, the account will automatically reflect a debit of the shares and amount credit to your account. There are two Depositories in India – the National Securities Depositories Limited (NSDL) and the Central Depository Services Limited (CDSL), through whom the shares are held by the various depository participants.
31. A business environment includes all external factors and forces which have a certain degree of impact on the business actions, decisions, and strategies of the firm. Usually, the



success of a business is dependent on its environment. Businesses are expected to identify, appraise, and respond to all threats and opportunities in their environments.

One Feature of Business Environment is Complex. A business environment has a plethora of factors, events, conditions, and influences arising from a variety of sources. Therefore, it is very difficult to understand all the factors affecting a given environment at any time. Although we can understand it in parts, it is impossible to grasp it in totality.

The Two Dimensions of Business Environment are:

- i. **Technological Environment:** The primary forces that are responsible for the improvement in the scientific field and new innovations being introduced in the market for improving the quality of goods and services and techniques for operating business more efficiently are known as technological factors in the business environment. Just like two sides of the same coin, technological changes are threats to some organisations and opportunities for other.
- ii. **Political Environment:** This factor consists of external factors such as political stability and peace in the country. The foresight of the ruling party and its perspective towards business. Needless to say, the political environment is easily the most important dimension of the business environment.

As it decides what is the ideology of the party which is dominant in the country. For example, after globalisation India let foreign companies enter Indian market for giving a boost to different industries such as the food processing industry, the technological industry.

Businesses function with the nature and the framework of the political party. The components of a political environment consist of the constitution of the country, political stability, political ideology, political outlook on business sectors, the extent of government intervention and degree of politicisation of business and economic issues.

OR

The concept of Demonetisation is being discussed in the above paragraph because of which a currency note becomes invalid. When a currency note of a particular denomination ceases to be a legal tender it is termed as demonetization. The three features of demonetization are stated below:

- a. **Expensive process:** Demonetisation has a huge cost as it involves the removal of old currency units from circulation in the economy and the printing of new currency units. This cost has to be borne by the government.
  - b. **Effect on consumption:** The introduction of demonetization immediately affects the trade and consumption if an economy if it is heavily dependent on cash for monetary transactions.
  - c. **Multiple Purpose:** Demonetisation may be initiated by the government to achieve multi-facet purposes like to curb the circulation of black money, to check the funding of illegal activities such as terrorism and drug trafficking.
32. The process of making the employees learn the skills necessary to complete the jobs is called 'training'.

The following points highlight the benefits of training to the organization:

- a. **Economy in Operations:** Trained personnel will be able to make better and economical use of materials and equipment. Wastage will be low. In addition, the rate of accidents and damage to machinery and equipment will be kept to the minimum by the well-trained employees. These will lead to less cost of production per unit.
- b. **Greater Productivity:** A well-trained employee usually shows greater productivity and higher quality of work-output than an untrained employee. Training increases the skills



of the employees in the performance of a particular job. An increase in the skills usually helps to increase both the quantity and quality of output.

- c. **Uniformity of Procedures:** With the help of training, the best available methods of work can be standardised and made available to all employees. Standardisation will make high levels of performance rule rather than the exception.
- d. **Less Supervision:** If the employees are given proper training, the responsibility of supervision is lessened. Training does not eliminate the need for supervision, but it reduces the need for detailed and constant supervision.
- e. **Systematic Imparting of Skills:** A systematic training programme helps to reduce the learning time to reach an acceptable level of performance. The employees need not learn by trial and error or by observing others and waste time if the formal training programme exists in the organization.

OR

- a. The two steps in the staffing process being carried out by Prateek are as follows:

- i. **Estimating the Manpower Requirements:** It is the first step in the staffing process and is carried out with the help of workload analysis (assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives) and workforce analysis (assessment of the number and type available).

The lines from the paragraph are:

"Through a continuous assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives and in relation to the number and type available."

- ii. **Recruitment:** Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

The lines from the paragraph are:

"One of the pages on his company's website contains the following information, 'Welcome to all the visitors of this page who are looking for an opportunity to make a career in the field of advertising. The openings are available in the company at various levels, so don't miss the chance/' This page includes a link to provide further details about the vacancies available." and "...he gets the information on this page updated."

- b. A job description is the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.

- 33. 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 or 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.

34. a. The “Organizing” function of management is involved in this situation.
- b. The following lines have helped in identifying this function: “In order to facilitate the work they thought that four managers should be appointed to look After; production, finance, marketing, and personnel”. These lines convey the second step of Organizing i.e. Grouping jobs and Departmentation.
- c. Steps followed in this process are as follows:
- Identification and division of work:** This is the first step in the process of organizing to identify and divide the work that has to be done in accordance with pre-determined plans. The work is divided into the manageable activities so that an equal burden of work is shared by the workers and overlapping of activities and wastage of resources can be avoided. It helps in increasing the efficiency of the employees as their workload is limited and confined.
  - Departmentalization:** After identification and division of work into small manageable activities, the next step is to group the activities of similar nature to achieve the specialization. This grouping process is called departmentalization. It prevents overlapping of work as each employee is aware of his own department and the job to performed therein.
  - Assignment of duties:** It is necessary to define the work and role of different job positions. Departments should be created in a significant manner and each department should be placed under the charge of an individual. Work should be allotted to employees and members of each department in accordance with their skills and competencies. This brings out the best out of them and makes them more proficient.
  - Establishing reporting relationships:** Authority and responsibility associated with each job should be defined clearly. Merely allocating the work is not enough; employees must understand their responsibilities and accountability. Each and every employee must know from whom he has to take orders and to whom he is accountable. This makes it easy to follow the principle of Unity of Command. It avoids the overlapping of work and develops a cordial relationship between the superior and the subordinates.