

	<p style="text-align: center;">SAMPLE QUESTION PAPER2 2023-24 BUSINESS STUDIES (054) CLASS XII</p> <p>MM80 TIMEALLOWED:3HOURS</p>
	<p>General instructions :</p> <ol style="list-style-type: none"> 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.	<p>Aarti Steel limited is a large creditworthy company manufacturing Steel. The company seeks to enter the Asian market and therefore wants to raise additional funds of ₹1 crore from the primary market. The finance manager of the company Mr. Sundaram has suggested raising funds by issuing debentures, in order to take advantage of 'Trading On Equity'. Identify the factor which is an important determinant of the company's ability to use the 'Trading on Equity' and thus the capital structure.</p> <p>a) return on investment b) cost of debt c) cost of equity d) risk consideration</p>	1
2.	<p>Over the past five years there has been an exponential increase in the number of people practicing healthier lifestyles in India. Doctors and nutritionists are advising people to reduce the daily intake of soft drinks as they are aerated, which can lead to obesity and other health issues. In order to cope up with the setback in the demand from the consumers, "ENERGISE", a soft drink giant decided to introduce a tea brand named 'SFUR-TEA' and a wellness drink named 'FORTY PLUS' for women. The company received a hearty response from the consumers. Identify the feature of Management reflected in the above paragraph.</p> <p>a) management is intangible b) management is a dynamic function c) management is a group activity d) management is multidimensional</p>	1
3.	<p>KG Electrical Appliances, a company manufacturing bulbs incurred heavy expenditure on scientific research and development and invented a technology that made it possible to produce an energy efficient bulb that can last at least 15 times longer than a standard LED bulb. This technology helped the company to increase its profitability and growth. Identify the significance of the business environment highlighted above.</p> <p>a. It helps in assisting and policy formulation b. It helps in tapping useful resources c. It helps in improving performance d. It helps the firm to identify threats and early warning signals</p>	1
4.	<p>Ajit Nene, the owner of a newly established food delivery outlet, 'Food and Snacks' in Maharashtra instructed the Human Resource Manager of the firm, to establish qualitative benchmarks of performance, as he wanted to assess the motivation, skill and satisfaction level of his employees. The sales manager was asked to set quantitative benchmarks of performance in terms of volume of sales made on a daily basis.</p> <p>Identify the step performed by Ajit Nene in the process of controlling.</p> <p>a) measurement of performance b) analysing deviations c) setting performance standards d) taking corrective action.</p>	1
5.	<p>Light and Sound Pvt Ltd manufactures custom in-ear monitors for musicians. Although it has been in the business for the last five years and has a considerable market share, on conducting an analysis it found that the company was spending almost 10% of the total cost on packaging.</p> <p>The company decided to outsource the packaging function to a professional packaging company. The decision helped the firm to achieve its goals through greater customer satisfaction by timely delivery of orders and also helped the company in reducing the cost of packaging by 5%.</p> <p>After the implementation of the decision for outsourcing, the company has become</p> <p>a) effective</p>	1

	b) efficient c) both efficient and effective d) neither efficient nor effective	
6.	<p>With the advent of 'Talk GPT, in the Information Technology industry, companies have started investing in Artificial Intelligence in order to fulfill the expectations of the customers. Largely the customers are showing a positive attitude to the new Artificial Intelligence based Talkbot. Identify the dimensions of the business environment being referred to here.</p> a) social and economic environment b) technological and social environment c) economic and technological environment d) legal and social environment	1
7.	<p>Name the function of management that completes one cycle of Management process and improves planning in the next cycle</p> a) Staffing b) Directing c) Organising d) Controlling	1
8.	<p>In _____, it is easier to fix responsibility for performance</p> a) functional structure and formal organisation b) divisional structure and informal organisation c) functional structure and informal organisation d) divisional structure and formal organisation	1
9.	<p>Business environment is said to be uncertain as</p> a) different elements or parts of business environment are closely interrelated b) it differs from country to country c) it consists of interrelated forces which arise from different sources d) it is very difficult to predict future happenings especially when environmental changes are taking place too frequently.	1
10.	<p>Arrange the following steps of planning process in a correct sequence</p> i) implementing the plan ii) evaluating alternative courses of action iii) follow up action iv) selecting an alternative a. i,ii,iii,iv b. iv,ii,i,iii c. ii,iv,i,iii d. ii,i,iv,iii.	1
11.	<p>ASSERTION: controlling helps in making efficient use of resources REASON: An efficient control system keeps a check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of changes</p> <p>Alternatives:</p> a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason (R) is False d) Assertion (A) is False but Reason (R) is True	1

12. Demonetisation has shown a major impact on all major sectors of the economy. Choose the incorrect statement about the impact of demonetisation.
- decline in cash transactions
 - increase in bank deposits
 - increase in real estate prices
 - increase in financial savings

1

13. YTS, a Shipping company has been successfully carrying out its shipping business for the past five years. Last year, it rolled out a new shipping initiative during the holiday season, with the promise to deliver all packages by a particular time before the holidays. The company had an objective of increasing the profit at a consistent rate. The unexpected high demand hassled the workers and the delivery team, causing a delay in the delivery of a large number of packages. The company did not recognise the logistical difficulties in training new staff, in order to meet its delivery schedules as promised. The complacency of the company to think that a consistent rate of profit could be maintained, led to its failure. Identify the limitation of planning discussed above
- planning is a time consuming process
 - planning does not guarantee success
 - Planning involves huge costs
 - planning reduces creativity

1

14.



1

The above picture is highlighting the absence of a concept which is causing a delay in decision making. Identify the concept.

- organising
 - span of management
 - delegation
 - Accountability
15. As the Production Manager of a large company, which method will be followed for Mr Gopesh to gauge the performance of his department
- sample checking of certain random pieces for quality
 - checking each piece for quality specifications
 - calculation of certain financial ratios
 - checking increase in market share

1

16. Match the following concepts with their meaning

	COLUMN 1		COLUMN 2
A	Authority	i	Increases the role of subordinates in the organisation by giving them more autonomy
B	Functional structure	ii	Flows downwards from superior to subordinate

1

C	Decentralisation	iii	Cannot be entirely delegated
D	Responsibility	iv	Minimum duplication of efforts and hence economical

- a)Ai, Biii, Cii, Div
b)Aii, Biv, Ci, Diii
c)Aiii, Biv, Ci, Dii
d)Aiii, Bi, Civ, Dii

17. Choose the incorrect statement about the controlling function of management
a) controlling is both backward and forward looking
b) controlling is prescriptive whereas planning is evaluative
c)controlling presupposes the existence of certain standards
d) controlling is a pervasive function of management
1
18. ----- Is the process of defining and grouping activities of the enterprise and establishing authority relationships among them
a) Decentralisation
b) planning
c)staffing
d)organising
1
19. Mr Anand Niketan has been successfully running a chain of restaurants in Delhi and Gurgaon for the past 15 years. Aadhavan, his son, returned to India after acquiring a Master's degree in Social Work. He suggested to his father that they should enter into a new line of business of Coffee Bars, and provide employment opportunities to differently abled people and in the process create greater economic value for different sections.
After a lot of deliberation, Aadhavan opened his first Coffee Bar under the name of 'SPESH' near the college campus. The idea of taking orders was unique. The staff gave a pen and a pad and had codes on the menu in front of the dishes. On pressing the bell, the light would pop and the staff would come to assist customers. The users loved the concept and very soon 'SPESH' expanded its outlets to other parts of the city. Aadhavan hired additional 70 employees to manage the new outlets.
Identify the objective(s) that SPESH seeks to achieve through its new venture.
a. organisational and personnel objective
b. organisational and social objective
c. social and personnel objective
d. social objective
1
20. During the devastating earthquake in Gujarat, Mansukhbhai, a traditional clay craftsman, incurred heavy losses in the pottery business. Journalists photographed his broken matkas and referred to them with the caption" The poor man's broken fridge". An idea struck him to make a real fridge with the same cooling principle and after several tests of soil and fridge designs, he introduced the innovative 'Claycool' fridge in 2005. His company is growing at 15% annually and he seeks to achieve a target of ₹10 crores by the end of next fiscal year. The company has stuck to its statement of keeping all the products priced at a lower rate in order to be affordable.
Identify the plans referred to in the above case study.
a) objective and strategy
b) Strategy and policy
1

	<p>c) policy and objective</p> <p>d) objective and rule</p>	
21.	<p>Atlantic Pharma Incorporation, a distributor of durable medical equipment and sports medicine is currently facing problems in managing company's infrastructure and IT projects. To effectively cope with the situation, the company has created a new position of 'Senior Systems Administrator', who will be able to understand the volatile health care industry, as well as its IT environment. Since the position requires more than just technical expertise, the company has taken the following decisions, for timely fulfilment of the manpower requirement:</p> <p>1) Assessing the new role's requirements through job description, in order to ensure the appointment of a person with the required specific set of educational qualifications, experience, personality and characteristics.</p> <p>2) Hiring 'Unifold Consultants', a renowned consultancy firm which maintains a database of candidates and which will advertise the job on behalf of Atlantic Pharma Limited.</p> <p>3) Adopting a deeper screening process of the candidate possessing the technical and business process knowledge.</p> <p>Identify and state the steps which Atlantic Pharma Incorporation has decided to carry out in order to fill the new job position introduced by the company.</p>	3
22.	<p>State any three functions performed by middle level managers.</p> <p>OR</p> <p>State any three features of coordination.</p>	3
23.	<p>Explain how planning</p> <p>a. Provides the basis of control</p> <p>b. Helps in taking rational decisions</p> <p>OR</p> <p>Explain why planning is regarded as</p> <p>a) a forward looking function</p> <p>b) a mental exercise</p>	3
24.	<p>Fast Runners has become one of the most recognised athletic brands in India. It deals in a wide variety of sportswear. However, of late it has been facing difficulty in keeping its inventory under control. In 2022, the company adopted an inventory management software which helped it to predict items that could sell best and prepare the company to meet their demand. This has helped the company in providing better customer satisfaction by making the goods physically available to them.</p> <p>State the three activities Fast Runners should undertake other than the one discussed above, in order to ensure the availability of its products at the right place, at right time and in right quantity.</p>	3
25.	<p>Lilly and Milly are working as Marketing Manager and Finance Manager respectively in an insurance company. In consultation with the Human Resource Manager Lilly formulates a plan which links the salaries of the insurance agents of the company with the volume of sales, in order to provide incentive to make them achieve beyond the assigned monthly targets.</p> <p>Milly conducts regular meetings and congratulates her efficient subordinates for good performance. She also displays their name on the notice board highlighting their achievements. Identify and briefly explain the incentives provided to the employees by Lilly and Milly.</p>	4
26.	<p>Human resource management requires many specialised activities and duties which Human Resource Manager must perform. State any four such duties.</p>	4

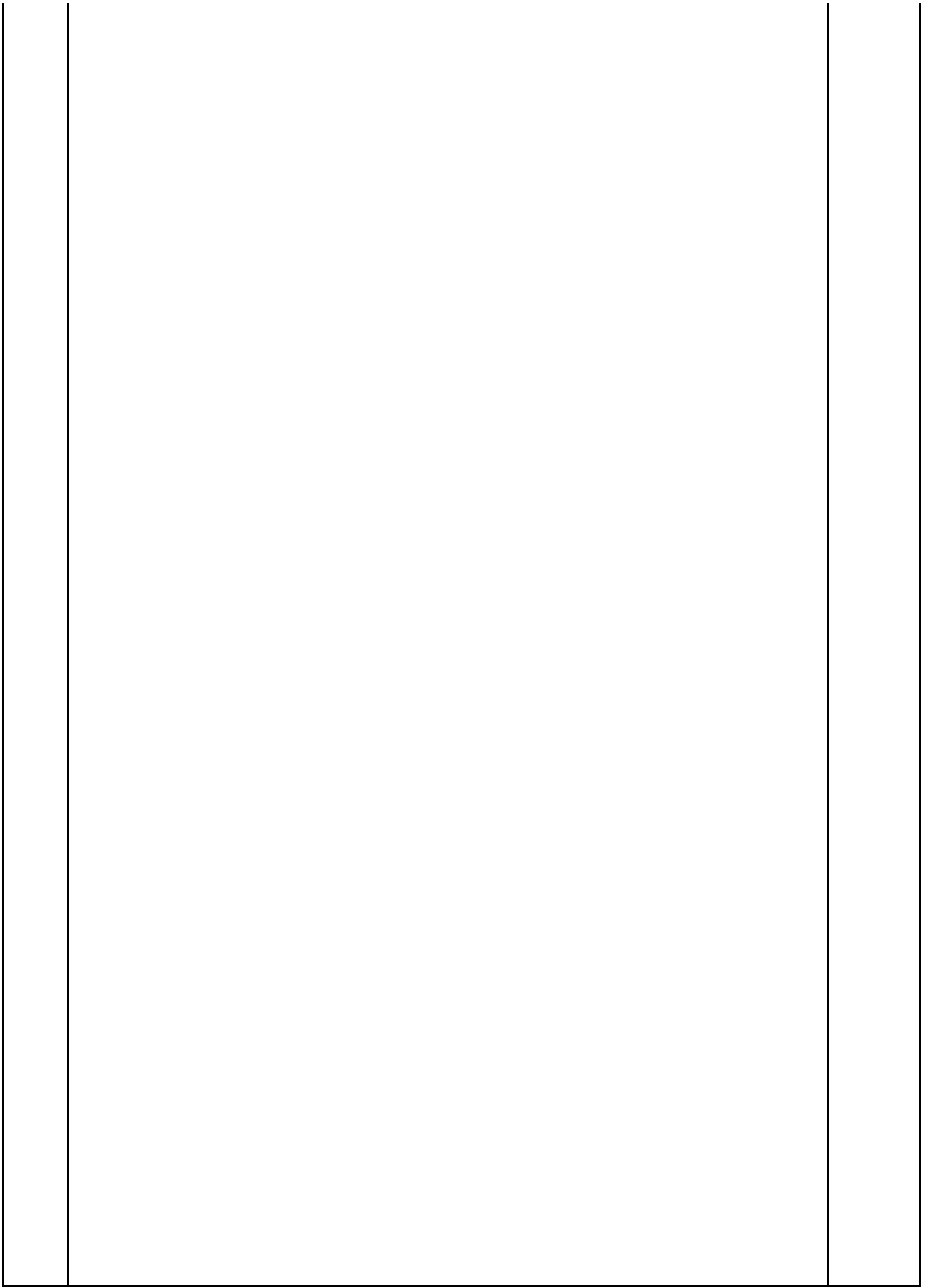
	<p>OR</p> <p>State by giving four reasons as to why staffing function must be performed efficiently by all organisations.</p>	
27.	<p>State any four features of an organisation which is an aggregate of interpersonal relationships and is formed without any conscious purpose.</p>	4
28.	<p>Ashutosh Savarkar has recently opened a Tortilla base manufacturing unit in Pune. Processing time being short, as soon as the product is ready, it is dispatched to various outlets and restaurants, in order to keep it fresh. The restaurants are required to give their orders 24 hours in advance as there is no fixed consumption pattern in the city.</p> <p>a) Determine whether the working capital requirement of Ashutosh Savarkar's business is high/low? State the reason in support of your answer.</p> <p>b) State any three other factors, apart from the one identified above, that should be considered, while determining the working capital requirement of a business.</p>	4
29.	<p>Give any four reasons to justify that directing is essential for efficient and effective functioning of the organisation.</p> <p>OR</p> <p>State any four measures to overcome communication barriers.</p>	4
30.	<p>Distinguish between New Issue Market and Stock Exchange (any four points)</p>	4
31.	<p>"The principles of management derive their benefit from their utility." Explain any four points in support of the above statement.</p> <p>OR</p> <p>Explain any four points that summarise the nature of principles of management.</p>	6
32.	<p>Drug price watchdog' National Pharmaceutical Pricing Authority'(NPPA) has decided to cap the prices of the medicines, for which the prices rise by more than 20% in a year. This has been done in pursuance of the 'public interest' clause in the drugs law.</p> <p>a) Identify the consideration that is being kept in mind by the NPPA while fixing the price of medicines.</p> <p>b) State any five other considerations affecting the fixation of price of the product, apart from the one identified above.</p>	6
33.	<p>Gasex Fertilisers Ltd expected a growth of 10% in the sales in the previous quarter. However, due to the prevailing economic situation around the world, the actual growth in sales was only 5%. The company's Finance Manager was called for an urgent meeting, by the senior management of the company, in which he clarified that he was already prepared for the situation, as he had made a financial blueprint for the future operations. He also reassured the management that he knew how to control the expenses, in case the sales were lower than the expectation.</p> <p>a) Identify the concept that enabled the Finance manager to tackle the situation discussed above.</p>	6
34.	<p>b) State any five points highlighting how the concept discussed above can help in smooth functioning of the organisation.</p> <p>a) Enumerate the purpose of Consumer Protection Act ,2019.</p>	6

b) State any five responsibilities that should be kept in mind by a Consumer while purchasing, using and consuming goods and services, according to the Consumer Protection Act, 2019.

OR

a) Define the scope of Consumer Protection Act ,2019.

b) State any five functions of Non-governmental organisations which aim at promoting the welfare of consumers.



MARKING SCHEME -SAMPLE PAPER 2

BUSINESS STUDIES (054)

2023-24

	Answers:	Marks
1.	a)Return on Investment	1
2.	b)management is a dynamic function	1
3.	c) it helps in improving performance	1
4.	c) setting performance standards	1
5.	c) both efficient and effective	1
6.	b) technological and social environment	1
7.	d) controlling	1
8.	d) divisional structure and formal organisation	1
9.	d) it is very difficult to predict future happenings especially when environmental changes are taking place too frequently.	1
10.	c) ii,iv,i,iii	1
11.	b)Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)	1
12.	c)increase in real estate prices	1
13.	b) planning does not guarantee success	1
14.	c) delegation	1
15.	a). sample checking of certain random pieces for quality.	1
16.	b)Aii, Biv, Ci, Diii	1
17.	b)controlling is prescriptive whereas planning is evaluative	1
18.	d) organising	1
19.	b) organisational and social objective	1
20.	c) policy and objective	1

[illegible]

24.	<p>Three other activities that will ensure availability of products at the right time, at the right place and in right quantity are:</p> <ol style="list-style-type: none"> 1. Order Processing: A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which, goods would reach the customers late or in wrong quantity or specifications. This would result in customer dissatisfaction, with the danger of loss of business and goodwill. 2. Transportation: Transportation is the means of carrying goods and raw materials from the point of production to the point of sale. It is important because unless the goods are physically made available, the sale cannot be completed. 3. Warehousing: Warehousing refers to the act of storing and assorting products in order to create time utility. Generally larger the number of warehouses a firm has, lesser would be the time taken in serving customers at different locations but greater would be the cost of warehousing and vice-versa. Thus the firm has to strike a balance between the cost of warehousing and the level of customer service. 	1 mark each for stating any 3 points
25.	<p>Incentive provided to the employees by Lilly :</p> <p>Productivity linked wage incentive-Several wage incentive plans aims at linking payment of wages to increase in productivity at individual or group level</p> <p>Incentive provided to the employees by Milly:</p> <p>Employee Recognition Programme-Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at a higher level.</p>	1 mark each for identifying and 1 mark each for stating
26.	<p>Duties performed by Human Resource Manager are:</p> <ol style="list-style-type: none"> 1) Recruitment, i.e., search for qualified people 2) Analysing jobs, collecting information about jobs to prepare job descriptions 3) Developing compensation and incentive plans. 4) Training and development of employees for efficient performance and career growth. 5) Maintaining labour relations and union management relations. 6) Handling grievances and complaints. 7) Providing for social security and welfare of employees. 8) Defending the company in lawsuits and avoiding legal complications. <p style="text-align: center;">OR</p> <p>Staffing must be performed by all organisations because</p> <ol style="list-style-type: none"> (i) helps in discovering and obtaining competent personnel for various jobs (ii) makes for higher performance, by putting right person on the right job (iii) ensures the continuous survival and growth of the enterprise through the succession planning for managers (iv) helps to ensure optimum utilisation of the human resources. <p>By avoiding overmanning, it prevents under -utilisation of personnel and high labour costs. At the same time it avoids disruption of work by indicating in advance the shortages of personnel</p>	1 mark each for stating any 4 points

27.	<p>(v) improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.</p>	
	<p>Features of Informal Organisation are</p> <p>(a) An informal organisation originates from within the formal organisation as a result of personal interaction among employees.</p> <p>(b) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.</p> <p>(c) Independent channels of communication without specified direction of flow of information are developed by group members.</p> <p>(d) It emerges spontaneously and is not deliberately created by the management.</p>	<p>1 mark each for stating any 4 points</p>
28.	<p>(e) It has no definite structure or form because it is a complex network of social relationships among members.</p> <p>a) The working capital requirement of Ashutosh Savarkar is low as the production cycle is shorter</p> <p>b) Factors that should be considered before determining the working capital requirement are:</p> <ol style="list-style-type: none"> 1. Nature of Business: A trading organisation usually needs a smaller amount of working capital compared to a manufacturing organisation. This is because there is usually no processing. Similarly, service industries which usually do not have to maintain inventory require less working capital. 2. Scale of Operations: For organisations which operate on a higher scale of operation, the quantum of inventory and debtors required is generally high. Such organisations, therefore, require large amount of working capital 3. Business Cycle: In case of a boom, the sales as well as production are likely to be larger and, therefore, a larger amount of working capital is required. As against this, the requirement for working capital will be lower during the period of depression as the sales as well as production will be small. 4. Seasonal Factors: In peak season, because of higher level of activity, larger amount of working capital is required. As against this, the level of activity as well as the requirement for working capital will be lower during the lean season. 5. Credit Allowed: Different firms allow different credit terms to their customers. A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital. 6. Credit Availed: Just as a firm allows credit to its customers it also may get credit from its suppliers. To the extent it avails the credit on purchases, the working capital requirement is reduced. 7. Operating Efficiency: Firms manage their operations with varied degrees of efficiency. Such efficiencies may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital. 8. Availability of Raw Material: If the raw materials and other required materials are available freely and continuously, lower stock levels may suffice. In addition, the time lag between the placement of order and the actual receipt of the materials (also called lead time) is also relevant. 9. Growth Prospects: If the growth potential of a concern is perceived to be higher, it will require a larger amount of working 	<p>1 mark for identifying and 1 mark each for stating any 3 points</p>

30.	Any 4 points of distinction between New Issue Market and Stock Exchange		
	New Issue Market	Stock Exchange	
	i	There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	There is trading of existing shares only.
	ii	Securities are sold by the company to the investor directly (or through an intermediary).	Ownership of existing securities is exchanged between investors. The company is not involved at all.
	iii	The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.
	iv	Only buying of securities takes place in the primary market, securities cannot be sold there	Both the buying and the selling of securities can take place on the stock exchange.
	v	Prices are determined and decided by the management of the company.	Prices are determined by demand and supply for the security.
	vi	There is no fixed geographical location.	Located at specified places.
31.	Significance of Principles of Management:		
	(i) Providing managers with useful insights into reality: The principles of management provide the managers with useful insights into real world situations. Adherence to these principles will add to their knowledge, ability and understanding of managerial situations and circumstances. As such management principles increase managerial efficiency.		
	(ii) Optimum utilisation of resources and effective administration: Resources should be put to use in such a manner that they should give maximum benefit with minimum cost. Principles equip the managers to foresee the cause and effect relationships of their decisions and actions. Effective administration necessitates impersonalisation of managerial conduct so that managerial power is used with due discretion.		
	(iii) Scientific decisions: Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation.		
	(iv) Meeting changing environment requirements: Although the principles are in the nature of general guidelines but they are		
1 mark each for any 4 points of distinction			
11/2 Marks each for explaining any 4 points			

1 mark each for any 4 points of distinction

11/2 Marks each for explaining any 4 points

	<p>modified and as such help managers to meet changing requirements of the environment.</p> <p>(v) Fulfilling social responsibility: The increased awareness of the public, forces businesses especially limited companies to fulfill their social responsibilities.</p> <p>vi) Management training, education and research: Principles of management are at the core of management theory. As such these are used as a basis for management training, education and research.</p> <p style="text-align: center;">OR</p> <p>Features of Principles of Management</p> <p>(i) Universal applicability: The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like.</p> <p>(ii) General guidelines: The principles are guidelines but do not provide readymade, straitjacket solutions to all managerial problems. This is so because real business situations are very complex and dynamic and are a result of many factors.</p> <p>(iii) Formed by practice and experimentation: The principles of management are formed by experience and collective wisdom of managers as well as experimentation.</p> <p>(iv) Flexible: The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands.</p> <p>(v) Mainly behavioural: Management principles aim at influencing behaviour of human beings. Therefore, principles of management are mainly behavioural in nature.</p> <p>(vi) Cause and effect relationships: The principles of management are intended to establish relationship between cause and effect so that they can be used in similar situations in a large number of cases. The principles of management are less than perfect since they mainly apply to human behaviour.</p> <p>vii) Contingent: The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. The application of principles has to be changed as per requirements.</p> <p>a. Government and other regulations</p> <p>b. Other factors affecting price of a product are</p> <p>1. Product cost: One of the most important factor affecting price of a product or service is its cost. This includes the cost of producing, distributing and selling the product. The cost sets the minimum level or the floor price at which the product may be sold.</p> <p>2. The Utility and Demand: While the product costs set the lower limits of the price, the utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid. According</p>	<p>11/2 Marks each for explaining any 4 points</p>
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