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| **Answer key** | | | | | | | | | | | | | |
| **Pre-Board 1 (2022 – 23)** | | | | | | | | | | | | | |
| **Subject: Business Studies**  **Grade: XII** | | | | | | Max. Marks:80Time:Hrs | | | | | | | |
| **Name:** | | | | | | | | | | | **Section:** | **Roll No:** | |
| ***General Instructions:***   * This question paper contains 34 questions. * Marks are indicated against each question. * Answer should be brief and to the point. * Answers to the questions carrying 3 marks may be from 50 to 75 worlds. * Answers to the questions carrying 4 marks may be about 150 worlds. * Answers to the questions carrying 6 marks may be about 200 worlds. * Attempt all parts of the questions together. | | | | | | | | | | | | | |
| 1 |  | | | | | | | | | | | | 1 |
|  | a | Induction Training | | | | | b | | | Apprenticeship Training | | |  |
|  | c | Vestibule Training | | | | | d | | | **Internship Training** | | |  |
| 2. |  | | | | | | | | | | | | 1 |
|  | a | | Social objective | | | | b | | | **Personal objective** | | |  |
|  | c | | Organizational objective | | | | d | | | Economic objective | | |  |
| 3 |  | | | | | | | | | | | | 1 |
|  | a | | | Efficient but not effective | | | | b | | **Effective but not efficient** | | |  |
|  | c | | | Both effective and efficient | | | | d | | Neither effective nor efficient | | |  |
| 4 |  | | | | | | | | | | | | 1 |
|  | a | | | | Science not the rule of thumb | | | | b | **Equity** | | |  |
|  | c | | | | Espirit de Corps | | | | d | Development of each and every person to his or her greatest efficiency and prosperity. | | |  |
| 5 |  | | | | | | | | | | | | 1 |
|  | a | Rigid | | | | | b | | | **Flexible** | | |  |
|  | c | Contingent | | | | | d | | | Universally applicable | | |  |
| 6 |  | | | | | | | | | | | | 1 |
|  | a | | (iii), (ii), (i), (iv) | | | | b | | | (iv), (iii), (ii), (i) | | |  |
|  | c | | **(iv), (iii), (i), (ii)** | | | | d | | | (i), (ii), (iii), (iv) | | |  |
| 7 |  | | | | | | | | | | | | 1 |
|  | a | | | **Strategy** | | | | b | | Rule | | |  |
|  | c | | | Policy | | | | d | | Procedure | | |  |
| 8 |  | | | | | | | | | | | | 1 |
|  | a | | | | Planning Leads to rigidity | | | | b | **Planning involves huge cost** | | |  |
|  | c | | | | Planning reduces creativity | | | | d | Planning is time-consuming process | | |  |
| 9 |  | | | | | | | | | | | | 1 |
|  | a | Programme | | | | | b | | | Objective | | |  |
|  | c | **Rule** | | | | | d | | | Process | | |  |
| 10 |  | | | | | | | | | | | | 1 |
|  | a | | Planning | | | | b | | | Staffing | | |  |
|  | c | | **Organising** | | | | d | | | Directing | | |  |
| 11 |  | | | | | | | | | | | | 1 |
|  | a | | | **Functional Structure** | | | | b | | Formal Structure | | |  |
|  | c | | | Divisional Structure | | | | d | | Informal structure | | |  |
| 12 |  | | | | | | | | | | | | 1 |
|  | a | | | | Functional Structure | | | | b | Formal Structure | | |  |
|  | c | | | | Divisional Structure | | | | d | **Informal structure** | | |  |
| 13 |  | | | | | | | | | | | | 1 |
|  | a | Recruitment process | | | | | b | | | Selection process | | |  |
|  | c | Training and development process | | | | | d | | | **Estimating Manpower** | | |  |
| 14 |  | | | | | | | | | | | | 1 |
|  | a | | Intelligence Test | | | | b | | | **Personality Test** | | |  |
|  | c | | Trade Test | | | | d | | | Aptitude Test | | |  |
| 15 |  | | | | | | | | | | | | 1 |
|  | a | | | **Both Statement I and Statement II are true, and statement II is the correct explanation the statement I** | | | | b | | Statement I and Statement II both are true, but the Statement II is not the correct explanation of Statement I | | |  |
|  | c | | | Statement I is true, Statement II is false | | | | d | | Statement I is false, Statement II is true | | |  |
| 16 |  | | | | | | | | | | | | 1 |
|  | a | | | | Safety Need | | | | b | Social Need | | |  |
|  | c | | | | **Self Esteem Need** | | | | d | Self Actualization | | |  |
| 17 |  | | | | | | | | | | | | 1 |
|  | a | | | Investment Decision | | | | b | | Dividend Decision | | |  |
|  | c | | | **Financing Decision** | | | | d | | Wealth Maximisation | | |  |
| 18 |  | | | | | | | | | | | | 1 |
|  | a | | | | Debenture | | | | b | Equity Share Capital | | |  |
|  | c | | | | Preference Share | | | | d | **Retained Earning** | | |  |
| 19 |  | | | | | | | | | | | | 1 |
|  | a | | | **(i)–(c),(ii)–(d),(iii)–(a),(iv)–(b)** | | | | b | | (i)–(a),(ii)–(d),(iii)–(c),(iv)–(b) | | |  |
|  | c | | | (i)–(d),(ii)–(c),(iii)–(a),(iv)–(b) | | | | d | | (i)–(c),(ii)–(b),(iii)–(a),(iv)–(d) | | |  |
| 20 |  | | | | | | | | | | | | 1 |
|  | a | | | | **Public Relation** | | | | b | Advertising | | |  |
|  | c | | | | Sales Promotion | | | | d | Personal selling | | |  |
|  |  | | | | | | | | | | | |  |
| 21 |  | | | | | | | | | | | | 3 |
|  | 1. Coordination  2. Features of coordination:  1. Coordination integrates group efforts by unifying diverse interest.  2. Coordination ensures unity of action by acting as a binding force between departments.  3. Coordination is a continuous process as it begins at planning stage and continues till controlling.  **OR**  All three brothers of mine are working on three different levels of Management, Such as Top, Middle, and Lower level Management.  They are performing the same functions of management such as Planning, Organizing, Staffing, Directing, and Controlling. It means all the functions of Management are performed at all three levels of Management. But there is only a difference in degree.  For Example, Planning is considered the most important function at the top while at the lower level directing is all important. | | | | | | | | | | | |  |
| 22 |  | | | | | | | | | | | | 3 |
|  | 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. It will also enable managers to learn from past mistakes and conserve time by solving recurring problems quickly. As such management principles increase managerial efficiency. For example, a manager can leave routine decision-making to his subordinates and deal with exceptional situations which require her/his expertise by following the principles of delegation | | | | | | | | | | | |  |
| 23 |  | | | | | | | | | | | | 3 |
|  | The organization can overcome the problem faced by it by adopting **an informal organization**. Informal organization emerges from within the formal organization when people interact beyond their officially defined roles.  The two benefits of informal organization are as follows:  It helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction.  It contributes towards the fulfillment of organizational objectives by compensating for inadequacies in the formal organization. | | | | | | | | | | | |  |
| 24 | ( | | | | | | | | | | | | 3 |
|  | A)Employee Development  B)No, it cannot be taken that the communication process has been incomplete. Because for the completion of communication process, only to understand the message is necessary, not acting upon it.  C) Democratic Leadership style  Or  Ans.   1. Supervision -Directing 2. Democratic Leadership style 3. Employee Recognition Program. | | | | | | | | | | | |  |
| 25 | . | | | | | | | | | | | | 4 |
|  | Management as a Science.  Systematized body of knowledge  Principles based on experimentation  Universal validity | | | | | | | | | | | |  |
| 26 |  | | | | | | | | | | | | 4 |
|  | 1. The various principles of management that are being applied by Masabha are listed below:  a. Principle of Division of work: “For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job.”  b.. Principle of Centralization and Decentralization: “The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Masabha as the final authority.”  c. Principle of Discipline: “Therefore, after six months when the business was doing well, she awarded a each bonus to each of these employees to honour her commitment.”  2. The principle of management which is being violated by Masabha is Equity. “However, when it comes to setting the conflicts among her employees, she tends to be more biased towards her female employees.”  OR  (1) Science and not the rule of thumb : which implies developing one  standard method through work study unifying the best practices globally  which would result in optimum resource utilization.  (2) Harmony, Not discord : which implies that there sould be mental  revolution on part of managers, workers and owners to respect each  other s role and eliminate any class conflict to realize organizational  objectives.  (3) Cooperation not individualism : It is an extension of the Principle of  Harmony, Not discord whereby constructive suggestions of workers  should be adopted and they should not go on strike as both management  and workers share responsibility and perform together. Infact there  should be complete cooperation between the labour and the management  instead of individualism.  (4) Development of Each and Every Person to His or Her greatest Efficiency  and Prosperity : Which implies development of competencies of all  persons of an organization after their scientific selection and assigning  work suited to their temperament and abilities | | | | | | | | | | | |  |
| 27 |  | | | | | | | | | | | | 4 |
|  | 1. Planning.  Characteristic of planning  Planning focuses on achieving objectives  Planning is primary function of management  Pervasive  Continuous  Futuristic  Decision making  Mental exercise  OR  1. The concept of management involved is PLANNING.  2. Steps involved are:  ● Setting objectives: increasing profits  ● Developing planning premises: making certain assumptions about future.  ● Identifying alternative courses of action: Purchasing new high speed machines, or Increasing the sale price, or Using waste material in manufacturing stuffed toys  ●selecting an alternative: He decided that ‘using waste material’ to increase the profit is the best solution for him. | | | | | | | | | | | |  |
| 28 |  | | | | | | | | | | | | 4 |
|  | ‘Divisional structure’ is suitable for the expanded business since it will produce multiple products – shoes, leather bags and western formal wear. That means, the organization will grow; and will need to add more employees; create more divisions; and introduce new levels of management.  By adopting divisional structure, the company will get the following advantages:  1. It will facilitate growth and expansion. Now the business of Tanmaya will have multiple divisions shoes, bags and formal wear. Within division, functions like production, marketing finance, purchase, etc. will be performed to achieve the objectives of the business.  2. Greater accountability will be possible because the divisional managers can be held separately accountable for their respective division’s profits, costs, etc.  3. Product specialization: A divisional head gains experience in all functions related to a particular product.  4. Flexibility and initiative: It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.  OR  1. Decentralization  2. Importance of Decentralization  Relief to top management:  Develops initiative amongst subordinates:  Develops managerial talent for the future:  Quick decision making  Facilitates growth  Better control | | | | | | | | | | | |  |
| 29 |  | | | | | | | | | | | | 4 |
|  | EBIT - 18,00,000Less Interest 10% of Rs90lacs 9,00,000EBT 9,00,000Tax @ 40 % 3,60,000EAT 5,40,000EPS \*=5,40,000 0.36 per share15,00,000\*EPS = EAT/ Number of shares  Hence, we can say that the company gained for shareholders as compared to last year EPS   1. Trading on equity means an increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest. | | | | | | | | | | | |  |
| 30 |  | | | | | | | | | | | | 4 |
|  | 1. Marketing management is “the art and science of choosing target markets and  getting, keeping, and growing customers through creating, delivering, and  communicating superior customer value” – Philip Kotler  2. The various elements of marketing mix being pursued by MR. Jaiprakash area as  follows:  1. Product: “his business is not only restricted to designing web sites according to the  specifications of the clients but also providing continuous online assistance to them  and handling their grievances’ effectively.”  2. Price: “doing all this at a profit. He provides these services at competitive price.”  3. Place: “Anybody interested in getting the web solutions can contact him through his  website.”  4. Promotion: “Moreover, ,whenever the market is sluggish he tries to create demand by  offering short-term incentives to the buyers.”  OR  (a) Place/physical distribution (Explain)  (i) Transportation (ii) Warehousing (iii) Inventory control (iv) Order Processing | | | | | | | | | | | |  |
| 31 |  | | | | | | | | | | | | 6 |
|  | Factors affecting dividend decision: (Explain any four)   1. Stability of earnings – ‘It has been consistently earning good profits for many years. 2. Cash Flow position – ‘There is the availability of enough cash in the company. 3. Growth Prospects – ‘Good prospects for growth in the future. 4. Shareholders’ preference – ‘It has many shareholders who prefer to receive regular income from their investments.’ 5. Contractual constraints – ‘It has taken a loan of ` 40 Lakhs from IDBI and ... agreement.’   OR  Financial Planning   1. It helps in forecasting what may happen in the future under different business situations. Doing so, it helps the firms to face the eventual situation in a better way. In other words, it makes the firm better prepared to face the future 2. It helps in avoiding business shocks and surprises and helps the company in preparing for the future. 3. If helps in coordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures. 4. Detailed plans of action prepared under financial planning reduce waste, duplication of efforts, and gaps in planning. 5. It tries to link the present with the future. 6. It provides a link between investment and financing decisions on a continuous basis. 7. By spelling out detailed objectives for various business segments, it makes the evaluation of actual performance easier. | | | | | | | | | | | |  |
| 32 |  | | | | | | | | | | | | 6 |
|  | Ans.  a. Pricing is the function of marketing being performed by Suraj.  b. The two factors that he is taking into consideration while performing the pricing  function are as follows.  1. Cost of product:  2. Utility of demand  3.Extent of competition in the market  4Governament and Legal regulation  5.Pricing objectives  6.Marketing methods used | | | | | | | | | | | |  |
| 33 |  | | | | | | | | | | | | 6 |
|  | 1. Fear of challenge to authority: If a superior perceives that a particular communication may adversely affect his authority, he or she may withhold or suppress such communication. 2. Lack of confidence of superior on his subordinates: If superiors do not have confidence on the competency of their subordinates, they may not seek their advice or opinions. 3. Unwillingness to communicate: Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests. 4. Lack of proper incentives: If there is no motivation or incentive for communication, subordinates may not take initiative to communicate. For example, if there is no reward or appreciation for a good suggestion, the subordinates may not be willing to offer useful suggestions.   Financial incentives are monetary and may be in the form of salary, bonus, profit sharing, pension, etc.  Non financial incentives provide social and psychological satisfaction. These include status, promotion, responsibility, job enrichment, job recognition, job security, employee participation, delegation, empowerment etc. | | | | | | | | | | | |  |
| 34 |  | | | | | | | | | | | | 6 |
|  | 1. The two types of selection tests highlighted in the above case are:   Interest test. They want to judge the pattern of interests of the potential managers.  Trade test. Test which can measure the existing skills of the candidates.  2. The document which is given to Rajeev is **contract of employment**. Document which contains information like job title, pay, allowances, responsibilities, etc.  3.The career-related process which is referred to here is development. A concept which is career related process | | | | | | | | | | | |  |