

BUSINESS STUDIES

DESIGN OF QUESTION PAPER
BUSINESS STUDIES
Class - XII

Time - 3 Hrs.

Max. Marks - 100

The weightage to marks over different dimensions of the question paper shall be as under :

A. Weightage to Content/ Subject units

S. No.	Content Unit	Marks
Part A : Principles and Functions of Management		
1.	Nature and Significance of Management	7
2.	Principles of Management	7
3.	Business Environment	5
4.	Planning	7
5	Organizing	10
6	Staffing	8
7	Directing	10
8	Controlling	6
	Total (A)	60
Part B : Business Finance and Marketing		
9	Financial Management	12
10	Financial Markets	8
11	Marketing	14
12	Consumer Protection	6
	Total (B)	40
	Grand total (A+B)	100

B. Weightage to forms of Questions

S. No.	Forms of Questions	Marks for each question	No. of questions	Total Marks
1.	Very short answer type (VSA)	1	10	10
2.	Short answer type I (SAI)	3	5	15
3.	Short answer type II (SAII)	4	5	20
4.	Long answer type I (LA I)	5	5	25
5.	Long answer type II (LA II)	6	5	30
6	Total		30	100

C. **Scheme of Options**

There will be no overall choice. However, there is an internal choice in every question of 6 marks

D. **Weightage to difficulty level of questions**

S. No	Estimated difficulty level of questions	Percentage
1.	Easy	30%
2.	Average	50%
3.	Difficult	20%

E. **Typology of Questions**

In order to assess different abilities related to the subject, the question paper is likely to include questions based on higher order skills, such as open-ended questions, questions based on case-study, diagrams, cartoons given in the text book.

SAMPLE QUESTION PAPER I

Sub : Business Studies

Class : XII

Blue Print

Units	Very Short Answer 1	Short Answer I & II (3,4)	Long Answer I & II (5, 6)	Total
Unit-1 (7)	-	3(1) 4(1)	-	7(2)
Unit-2 (7)	1(2)	-	5(1)	7(3)
Unit- 3 (5)	1(1)	4(1)	-	5(2)
Unit-4 (7)	1(2)	-	5(1)	7(3)
Unit- 5 (10)	-	4(1)	6(1)	10(2)
Unit- 6 (8)	1(2)	-	6(1)	8(3)
Unit- 7 (10)	-	4(1)	6(1)	10(2)
Unit- 8 (6)	1(1)	-	5(1)	6(2)
Unit- 9 (12)	-	3(2)	6(1)	12(3)
Unit- 10 (8)	-	3(1)	5(1)	8(2)
Unit- 11 (14)	-	3(1)	5(1) ,6(1)	14(3)
Unit- 12 (6)	1(2)	4(1)	-	6(3)
	10(10)	35(10)	55(10)	100(30)

SAMPLE QUESTION PAPER - I
BUSINESS STUDIES
Class - XII

Max. Marks - 100

Time - 3 hrs.

General Instructions

1. *Answers to questions carrying 1 mark may be from one word to one sentence.*
 2. *Answer to questions carrying 3 marks may be from 50 to 75 words.*
 3. *Answer to questions carrying 4-5 marks may be about 150 words*
 4. *Answer to questions carrying 6 marks may be about 200 words.*
 5. *Attempt all parts of a question together.*
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1. Govt. of India is seriously thinking to allow oil marketing public sector undertakings to fix their own price for petrol and diesel. Which economic reform is the reason of this change in government's policy (1)
 2. Why is it said that recruitment is a positive step in the process of staffing ? (1)
 3. "The Principles of Management are different from those used in pure science". Write any one difference. (1)
 4. Why is it said that the management principles are universal? (1)
 5. A Company needs a detailed plan for its new project, 'Construction of a Shopping Mall'. What type of plan is it? (1)
 6. 'Planning eliminates changes/uncertainties'. Do you agree? Give reason in support of your answer. (1)
 7. A company gets applications on and off even without declaring any vacancy. However as and when the vacancy arises, the company makes use of such applications. Name the source of recruitment used by the company. (1)
 8. Is controlling 'the end' of management functions cycle? Give reason in support of your answer. (1)
 9. Which Consumer Right gives the business firms freedom to set up their own consumer service and grievance cell? (1)
 10. Deepak Shah purchased a car for Rs. 19 lacs from an automobile company and found its engine defective. Despite many complaints the defect was not rectified. He filed a case in the District forum. But he was not satisfied with the orders of the District Forum and decided to appeal. Suggest him the highest authority where he could appeal if not satisfied again by the decision of the next higher authority (1)
 11. There are different objectives of business and economics objectives are one among them. Explain these economic objectives. (3)
 12. Which process prepares a blue print of an organisation's future preparations relating to finance? Give any two reasons why this process is needed? (3)

13. State any three objectives of National Stock Exchange. (3)
14. Distinguish between the concepts 'product' and 'production' in Marketing keeping following as the base: (3)
- (i) Focus
 - (ii) Means
 - (iii) Ends
15. How are the shareholders of a company likely to gain with a debt component in the capital employed? Explain with the help of an example. (3)
16. Management is a Profession like Accounting, Medicine and Law as it also has a well defined body of knowledge. Yet management does not qualify to be a full fledged profession. Why? (4)
17. Identify the type or dimension of environment to which the following are related: (4)
- (i) Banks reducing interest rates on housing loans.
 - (ii) An increasing number of working women.
 - (iii) Booking of air tickets through internet.
 - (iv) Alcohol beverages are prohibited to be advertised on 'Door Darshan'.
18. Mohan and Sohan are friends working in Surya Ltd. as Production and Sales Manager respectively. In an interdepartmental meeting Sohan informed Mohan about a change in the marketing policy of the company.
- (a) Identify the type of communication used in the above example.
 - (b) Name & explain any two networks of the type of communication identified in part(a).
- (1+3 = 4)
19. Distinguish between delegation & decentralization of authority on the following bases:
- (i) Nature
 - (ii) Purpose
 - (iii) Freedom of action
 - (iv) Level of authority (4)
20. State any four responsibilities of a consumer while purchasing/ consuming goods/ services. (4)
21. Explain the steps involved in the process controlling function of management. (5)
22. 'Determination of the Price of a Product' is influenced by many factors. Explain any five factors that have an influence on price. (5)
23. Explain the following principles of management:
- (a) Equity.
 - (b) Remuneration of Employees. (5)
24. In spite of best efforts of managers sometimes planning fails to achieve desired results due to its limitations. Explain any five limitations of planning. (5)
25. Explain any five functions of a Stock Exchange. (5)

26. What is meant by 'Functional organizational structure'? State any two advantages & two disadvantages of such structures.

OR

Describe the steps involved in the process of 'Organising'. (6)

27. Explain the process of staffing in an organisation.

OR

Training is a life long necessity both for the employees as well as for the organisation. Justify the statement by giving three arguments each in favour of the employees and the organisation. (6)

28. In an organization there are many leaders. But a good leader must be a distinguished one. Suggest any four qualities that a good leader must possess. (1½x4=6 Marks)

OR

'It is only 'Motivation' through which the managers can inspire their subordinates to give their best to the organisation'. In the light of this statement explain any four points of importance of motivation. (6)

29. What is meant by 'Working Capital'? Describe any four factors which affect the working capital requirements of company.

OR

What is meant by 'Fixed capital'? Describe any four factors which affect the fixed capital requirements of a company. (6)

30. You have been appointed as a Brand Manager of Ford Motors. The Company is to introduce a Compact small car in the Indian Market. The name of the car is yet to be decided. You have been asked to chair a Brain Storming Session. Before the suggestions come forward you have to briefly explain the participants as to what constitutes a good brand name with the help of suitable examples. (1 mark)

OR

'Various tools of communication are used by the marketers to promote their products'
Answer the following questions :

- (a) Why do Companies use all tools at the same time?
- (b) Name and explain the most commonly used non-personal tool of promotion which is paid for by the marketer.
- (c) Which tool of promotion will primarily be used for the following :
 - (i) To get good Corporate image without being paid for.
 - (ii) An existing product meant for mass usage by literate people.
 - (iii) To introduce a new product to a particular class of people through door to door visits.

Marking Scheme
Business Studies
Sample Question Paper - I

1. The reason for this change in the Government's policy is 'Liberalisation'. (1)
2. Recruitment is a positive process because it aims at attracting number of candidates to apply for the given job and there is no rejection in this process. (1)
3. Any one of the following differences :
 - (i) Principles of management are not as rigid as Principles of pure sciences. (1)
 - (ii) Principles of management deal with human behavior and cannot be tested in laboratories like the Principles of pure sciences. (1)
 - (iii) Principles of management are general guidelines where as Principles of Pure Sciences are specific. (1)
4. Management Principles are said to be universal because these are applicable in all types of organizations, at all levels, and at all times. (1)
5. The Company will prepare 'Programme'. (1)
6. No, I do not agree because planning only anticipates not eliminates changes/uncertainties. (1)
7. The source of recruitment is casual callers. (1)
8. No, controlling is not the end of management functions cycle because it brings back the management cycle to planning function. (1)
9. The 'Right to be heard'. (1)
10. The highest authority where he can appeal is National Commission (1)
11. The economic objectives of business are -
 - (i) Survival (ii) Profit (iii) Growth. (3)
 - (i) Survival is the basic objective of any business and an organisation must earn sufficient revenues to recover cost.
 - (ii) Profit : Mere survival is not enough. Management has to ensure that the organisation makes profit as it is an incentive for the continued successful operation of the business.
 - (iii) Growth : Every business needs to add to its prospects in the long run. For this it is important for the business to grow. For this management must exploit fully the growth potential of the organisation.
12. The process of 'Financial Planning' prepares a blue print of an organisation's future preparations relating to finance. This process is needed to : (Any two) (1+1x2=3)
 - (i) Help in avoiding business shocks and surprises and help the company in preparing for the future.
 - (ii) Help in coordinating various business functions.

- (iii) Reduce waste, duplication of efforts and gap in planning.
- (iv) Provide a continuous link between investment and financing decisions.
- (v) Help in forecasting what may happen in future under different business situations.

13. Objectives of the National Stock Exchange are (any three) :

- (i) Establishing a nationwide trading facility for all types of securities.
- (ii) Ensuring equal access to investors all over the country.
- (iii) Providing a fair, efficient and transparent securities market using electronic trading system.
- (iv) Enabling shorter settlement cycles and book entry settlements.
- (v) Meeting international benchmarks & standards. (3)

14. Distinction between Product concept and Production Concept

	Bases	Product Concept	Production Concept
1.	Focus	On Quality, features, performance etc. of the product.	On Quantity of the Product
2.	Means	Product improvements	Availability and affordability of Product.
3.	Ends	Profit through Product quality.	Profit through volume of production (1 Mark for each difference)

15. Yes, With a Debt component in the total capital, shareholders are likely to have the benefit of a higher rate of return on share capital. This is because debt/ loans carry a fixed charge and the amount of interest paid is deductible from earnings before tax payment. The benefit to shareholders will be realised only if the average rate of return on total capital invested is more than the rate of interest payable on loan/debt. (3)

Example

	Company 'X'	Company 'Y'
Share Capital	Rs. 10 Lakhs	Rs. 4 Lakhs
Loan @15% P.A.	-	Rs. 6 Lakhs
Total	<u>Rs. 10 Lakhs</u>	<u>Rs. 10 Lakhs</u>
Profit before interests and Tax	Rs. 3 Lakhs	Rs. 3 Lakhs
Interest	NIL	Rs. 0.9 Lakhs
Profit before Tax	Rs. 3 Lakhs	Rs. 2.1 Lakhs
Tax @ 50%	Rs. 1.5 Lakhs	Rs. 1.05 Lakhs

Rate of return on sharecapital	$\frac{1,50,000}{10,00,00} \times 100$	$\frac{1,50,000}{4,00,00} \times 100$
	15%	26.25%

It should be clear from this example that shareholders of Company 'Y' have higher rate of return than those of Company 'X' due to the debt/loan component in the total capital of the Company

16. Yes, mangement is a profession like Accounting, Medicine and Law as it also has a well defined body of knowledge yet it does not qualify to be full fledged profession because it does not fullfit the following crieteria of a profession :
- (i) **Restricted entry** : No restriction on anyone being designated or appointed as manager in any business.
 - (ii) **Professional Association** : No compulsion for managers to be members of management also do not follow the ethical associations.
 - (iii) **Ethical Code of Condu**t : Due to non compulsion of professional Associations ethical managers code of conduct devised by these associations.
 - (iv) **Service Motive** : The basic motive of most of the organisations is profit-maximisation.
(1 mark for each correct benefit = 1x4= 4)
17. (i) Economic Environment
(ii) Social Environment
(iii) Technological Environment
(iv) Legal Environment

(1x4 = 4)
18. (a) The type of communication is formal communication (1)
(b) The networks of formal communication are : (Any Two)
(i) Wheel
(ii) Chain
(iii) Circular
(iv) Free flow
(v) Inverted 'V'
(vi) 'Y' - shaped

[½ mark for naming + 1 mark for explanation of each network= ½x2 = 3)

19. Distinction between delegation and decentralisation of authority

Basis		Delegation of authority	Decentralisation
(i).	Nature	Delegation is a necessary act because no individual can perform all tasks on his own	Decentralisation is an optional policy decision, It is done at the discretion of top management.
(ii)	Purpose	The purpose of delegation is to lessen the burden of the manager.	The purpose of decentralisation is to increase the role of subordinates in the organization by giving them more autonomy
(iii)	Freedom of action	It gives less freedom of action as there is more control by superiors over subordinates.	It gives greater freedom of action as there is less control over executives
(iv)	Authority	The maximum authority is retained at top level	The authority is systematically distributed at every level

(1 Mark for each correct distinction = 1x4= 4)

20. A consumer should keep in mind the following responsibilities (Any four)

- (i) To make an intelligent and prudent choice. He should be aware of various goods and services available in the market and discourage unscrupulous practices like black-marketing, hoarding etc.
- (ii) For the assurance of quality he should purchase only standardised goods.
- (iii) He should read labels carefully so as to have complete information about the product.
- (iv) To have the proof of purchase he must insist upon for cash memo.
- (v) He should follow the manufacturer's instructions and use the products safely.
- (vi) To file a complaint with an appropriate consumer forum, in case of a short coming in the quality of goods purchased or services availed
- (vii) To form consumer societies to educate consumers.
- (viii) To respect the environment to avoid addition to pollution.

(1Mark for each statement 1x4= 4)

21. The steps involved in the process of controlling function of management are :

- (i) Setting performance standards.
- (ii) Measurement of actual performance
- (iii) Comparison of actual performance with the standards (½ mark of heading + ½ mark
- (iv) Analysing deviations for correct explanation
- (v) Taking corrective action, if any. of each heading)(1x5=5)

22. Following factors influence the determination of price of a Product. (Any Five)

- (i) Product Cost
- (ii) Utility and demand
- (iii) Extent of competition in the market.
- (iv) Government and legal regulations.
- (v) Pricing objectives.
- (vi) Marketing method used

[½ mark for naming +½ mark for explaining each factor = 1x5 = 5]

23. (a) Principle of Equity

The principle of equity implies that similar treatment is assured to employees in similar positions.

According to this principle, managers should be fair & impartial while dealing with their subordinates and there should be no discrimination on the basis of caste, creed, colour, religion, and sex.

Equity is essential to create and maintain cordial relations between the managers and the subordinates.

(2½)

(b) Principle of Remuneration

Remuneration payable to employees should be fair and reasonable so as to give maximum amount of satisfaction to both the employees and the employer.

Remuneration should be determined on the basis of work assigned, cost of living and wages being paid for similar work in the industry.

The level of wages must be within the capacity of the employer to pay, i.e. in accordance with the financial position of the business. (2½)

24. The limitations of planning are (Any five, with explanation)

- (i) Planning leads to rigidity.
- (ii) It reduces creativity.
- (iii) It involves huge costs.
- (iv) It is time consuming.
- (v) It does not guarantee success.
- (vi) It may result in delay in decisions and action.

(vii) It fails due to sudden change in social, economic, political and technological environment.

(viii) It fails due to natural calamities.

(½ mark for each limitation + ½ mark for each explanation=1x5 marks)

25. The functions of a Stock Exchange are (Any five)

(i) Providing liquidity and marketability to existing securities.

(ii) Pricing of securities

(iii) Safety of transaction

(iv) Contributes to economic growth.

(v) Spreading of equity cult.

(vi) Providing scope for speculation

(vii) Better allocation of Capital

(½ mark for naming and ½ mark for explanation 1x5 = 5).

26. Functional structure of organisation means an organisation structure which is formed by grouping together jobs of similar nature under functions and organising such functions into separate departments such as production, marketing, finance etc.

(2)

Advantages of functional structure : (Any two)

(i) It leads to specialisation since emphasis is placed on specific functions.

(ii) It promotes control and coordination within a department because of similarity in the tasks being performed.

(iii) It helps in increasing managerial and operational efficiency leading to higher profits.

(iv) It leads to minimal duplication of effort, which results in economies of scale and thus lowers cost.

(v) It makes training of employees easier as the focus is only on a limited range of skills.

(vi) It ensures that different functions get due attention.

(1 mark for each correct advantage = 1x2 = 2)

Disadvantages of functional structure (Any two)

(i) A functional structure may place less emphasis on overall enterprise objectives than the objectives pursued by a functional head, leading to formation of functional empires.

(ii) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.

(iii) Inter-departmental conflicts can arise when the interests of two or more departments are not compatible or in absence of clear separation of responsibility.

- (iv) It may lead to inflexibility as people with same skills and knowledge base may develop a narrow perspective and have difficulty in appreciating any other view point.
- (v) Functional heads do not get training for top management positions because they are unable to gather experience in diverse areas.

(1 mark for each correct disadvantage=1x2 = 2 marks = 2+2+2 = 6)

OR

The steps in the process of organising are (with description)

- (i) Identification and division of work
- (ii) Departmentation
- (iii) Assignment of duties to different job positions
- (iv) Establishing authority/ reporting relationship.

(½ mark for naming + 1 mark for correct explanation = 1½x4 = 6)

27. The step in the process of staffing in an organisation are :

- (i) Estimating man-power-requirements.
- (ii) Recruitment and selection
- (iii) Placement and orientation
- (iv) Performance appraisal and training
- (v) Compensation
- (vi) Career Planning

(½ mark for naming the step +
½ Mark for
explanation of each step)

(1x6 = 6)

OR

Training is a life long necessity for employees because : (Any three)

- (i) It leads to better career of the individual
- (ii) It helps them to earn more by increased performance
- (iii) It increases the satisfaction and morale of employees.
- (iv) It makes the employees more efficient to handle machines and thus less prone to accidents. (1x3=3)

Training as a life long necessity for organisations because : (Any three)

- (i) It is a systematic learning which leads to avoidance of wastage of efforts and money.
- (ii) It enhances employee productivity and thus leads to higher profits.
- (iii) It prepares future managers.
- (iv) It helps in obtaining effective response to fast changing technological and economic environment. (1x3 = 3)

(3+3=6)

28. Qualities of a Good Leader (Any four) are :

- (i) Initiative
- (ii) Integrity
- (iii) Knowledge
- (iv) Communication skills
- (v) Motivation skills
- (vi) Self Confidence
- (vii) Decisiveness
- (viii) Social Skills
- (ix) Physical Appearance
- (x) Any other

(½ mark for naming the quality + 1 mark for correct explanation = 1½x4 = 6)

OR

Importance of Motivation (Any Four)

- (i) It helps to improve performance levels of employees
- (ii) It helps in development of positive attitude towards work.
- (iii) It helps to reduce employees turnover.
- (iv) It helps to reduce employees absenteeism.
- (v) It helps to reduce resistance to changes (or any other correct point)

(½ mark for naming the point + 1 mark for correct explanation = 1½x4 = 6)

29. Working Capital means the portion of capital invested in short term assets of a firm. It is the excess of current assets over current liabilities.

(2)

Factors affecting working capital requirements are : (Any four)

- (i) Nature of business
- (ii) Scale of operations
- (iii) Business cycle
- (iv) Seasonal factors
- (v) Production Cycle
- (vi) Credit allowed

- (vii) Credit availed
- (viii) Operating Efficiency
- (ix) Availability of raw material
- (x) Growth prospects
- (xi) Level of competition
- (xii) Inflation

(½ Mark for naming and ½ for explanation = 1x4 = 2+4 = 6)

OR

Fixed Capital means the portion of capital investment in long-term assets/ fixed assets of a firm.

Factors affecting the requirement of fixed capital (Any four)

- (i) Nature of Business.
- (ii) Scale of Operations
- (iii) Choice of Techniques
- (iv) Technology upgradation
- (v) Growth Prospects
- (vi) Diversification
- (vii) Financial Alternatives
- (viii) Levels of Collaboration

(½ mark for naming+½ mark for explanation=1x4=4, 2+4=6)

30. The constituents of a good brand name are :

- (i) It should be short, easy to pronounce , spell, recognise and remember e.g. NANO, VIP, VIM.
- (ii) It should suggest the products benefits and qualities like - Genteel, Promise, Safi, Duracell, Kleenfloor, Eveready.
- (iii) It should be distinctive like- Zodiac, Kodak, Zerox
- (iv) It should have a staying power, i.e. should not be out of date, like Lux, Coca Cola, etc. (1½x4 = 6)

OR

- (a) The Companies use all tools at the same time because of the nature of market, nature of product, promotion budget and objectives of promotion being different at different

times.

- (b) The most commonly used non-personal tool of promotion which is paid for by the marketer is advertising. The explanation should include :

It is a paid and non-personal form having an identified sponsor to promote an idea.

- (c) The tools of promotion used are

(i) Publicity

(ii) Advertisement

(iii) Personal-Selling

(2x3=6)

SAMPLE QUESTION PAPER I

Sub : Business Studies

Class : XII

Question Wise Analysis

S. No. of Question	Unit/Ch. Number	Marks Allotted	Estimated Time	Estimated Difficulty level
1	3	1	1.5 minutes	A
2	6	1	1.5 minutes	A
3	2	1	1.5 minutes	A
4	2	1	1.5 minutes	A
5	4	1	1.5 minutes	B
6	4	1	1.5 minutes	C
7	6	1	1.5 minutes	A
8	8	1	1.5 minutes	C
9	12	1	1.5 minutes	A
10	12	1	1.5 minutes	B
11	1	3	5 minutes	B
12	9	3	5 minutes	C
13	10	3	5 minutes	B
14	11	3	6 minutes	A
15	9	3	6 minutes	C
16	1	4	6 minutes	A
17	3	4	6 minutes	B
18	7	4	6 minutes	B
19	5	4	8 minutes	B
20	12	4	8 minutes	B
21	8	5	10 minutes	B
22	11	5	8 minutes	B
23	2	5	8 minutes	A
24	4	5	8 minutes	B
25	10	5	8 minutes	B
26	5	6	8 minutes	B
27	6	6	8 minutes	C
28	7	6	8 minutes	A
29	9	6	10 minutes	A
30	11	6	10 minutes	C
Reference for abbreviations Difficulty Level				
A	Easy	30%	30 Marks	
B	Average	50%	50 Marks	
C	Difficult	20%	20 Marks	