

केंद्रीय विद्यालय संगठन KENDRIYA VIDYALAYA SANGATHAN

शिक्षा एवं प्रशिक्षण का आंचलिक संस्थान, चंडीगढ़
ZONAL INSTITUTE OF EDUCATION AND TRAINING, CHANDIGARH



Sample Paper & Practice Paper

Term- 2 Session- 2021-22

BUSINESS STUDIES- XII

**KVS ZONAL INSTITUTE OF EDUCATION AND TRAINING
SECTOR-33C, CHANDIGARH**

E-MAIL- kvszietchd@gmail.com, Website- zietchandigarh.kvs.gov.in

Ph- 0172 2621302 & 2621364

OUR PATRONS

- 1 Mrs. Nidhi Pandey (IIS) Commissioner, KVS**
- 2. Dr. E. Prabhakar Addl. Commissioner (Acad)**
- 3. Mrs. Piya Thakur Joint Commissioner (Acad)**
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DIRECTOR'S MESSAGE



Our aim is to provide such brief study materials and sample papers to the student that not only guides students to the path of success, but also inspires them to recognize and explore their own inner potential. The Board exam preparation is based on three pillars – **Concept Clarity, Contextual familiarity and Application Expertise**. Our innovative and dedicated teaching materials ensure that every student gets a firm grip of each of these pillars so very essential for these arduous preparations.

We also understand the importance of CBSE board exam as students' future goal depends upon the performance in board exams. We know that in pandemic situation the students feel a lot of pressure of performance in board exam. It is very important to develop the right exam temperament in students so they can tackle the pressure & surprises easily. In this direction, to release such brief study materials and sample papers will help to the students a lot.

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

MM: 40

Time: 2 Hours

General Instructions:

This is a Subjective Question Paper containing 12 questions.

This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.

2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.

3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.

5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.

This question paper contains Case/Source Based Questions.

| S.NO | QUESTIONS | MARKS |
|------|---|-------|
| 1 | Identify and explain the two sources of the source of recruitment which cannot be used when the existing staff is either insufficient or does not fulfil the eligibility criteria of the jobs to be filled. | 2 |
| 2 | 'MYKAA Limited 'is dealing in all types of cosmetic products. It is enjoying increased demand for its product during the last few years. For the purpose of expansion the company needs ₹ 100 crores as additional capital. The company decides to raise funds through equity shares. Chirag Kapoor, the finance manager of the company recommended that the shares may be sold through issuing houses or brokers. Identify and explain the method recommended by Mr.Kapoor through which the company can raise additional funds for expansion purposes. | 2 |
| 3 | Explain the two concepts which are part of the exercise which would reveal whether a company is understaffed, overstaffed or optimally staffed. | 2 |
| 4 | "Measurement of a company's progress may involve calculation of certain ratios like gross profit ratio, net profit ratio, and return on investment etc. at periodic intervals". Identify the function of management involved in the above context. Also briefly explain the step in the process of the identified function discussed above. | 2 |
| 5 | Mr. Pawan Kumar, the CEO of an E-Commerce start up, which was facing the problem of huge employee turnover, decided to hold a meeting with the managers to discuss the issue. While addressing the managers in the meeting, he advised them to take certain measures which focus on psychological, social and emotional factors, in order to motivate employees. Explain any two such measures discussed by him, when he suggested that job should be made interesting so that the job itself becomes a source of motivation, employees should be congratulated for good performance, also, stability regarding future income and work should be provided to employees, in order to develop a positive attitude among the subordinates. | 3 |
| 6 | State any three points of importance of Directing. OR Define leadership as an element of Directing? Enumerate any two styles of Leadership. | 3 |
| 7 | List any three factors affecting the Working Capital requirement of a company. | 3 |

| | | |
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| 8 | <p>Priya is a regional manager of XYZ. Ltd. She is a hardworking employee and is trying to reduce wastage of resources in her company. She has set standards for performance of different activities and is ensuring that targets are met according to these standards with minimal wastage of resources. She has set up CCTV cameras which helps her to keep a close check on the activities of the subordinates and know how the employees are performing. She also rewards the employees with a bonus when these standards are met. She is trying her best to ensure a good performance of her team this year through the application of an important function of management. Explain any two benefits of the function of management highlighted above.</p> | 3 |
| 9 | <p>Enumerate any five rights of a consumer under the Consumer Protection Act, 2019. OR Enumerate any five responsibilities of a Consumer Protection Act, 2019.</p> | 5 |
| 10 | <p>State any five regulatory functions of the Securities and Exchange Board of India</p> | 5 |
| 11 | <p>In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of ‘Get My Job’ has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process of applying for jobs easier and candidate friendly. It is for this reason, he said, that most progressive companies today have a short application process. He also said that the application form filled by the candidate is very important as it is the information supplied in the application forms, which helps the manager in eliminating unqualified or unfit job seekers. The company can create a mechanism that attempts to measure certain characteristics of individuals like aptitude, manual dexterity, and intelligence to personality. The candidate may then be called for an in-depth conversation to evaluate their suitability for the job.</p> <p>(a). Name the process and steps in the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above.</p> <p>(b). Also explain the next three steps in the process which can be subsequently performed by the company.</p> | 5 |
| 12 | <p>Vansh Limited is a large and reputed company which manufactures ventilators. After the outbreak of ‘COVID-19’ in 2020 the company witnessed an increase in revenue by 40%. It has plans to further increase its production capacity and also start production of PPE kits, sanitisers and masks in 2022. The Finance manager of the Company Mr. Rajiv feels confident about the future of the company and its liquidity position. Discuss the meaning of Dividend Decision and in the light of the above statement explain any two factors which should be considered by ‘Vansh Limited’ while formulating the dividend policy of the company.</p> <p style="text-align: center;">OR</p> <p>Vedansh Limited has a share capital of ₹10,00,000 divided into shares of ₹100 each .For expansion purpose ,the company requires additional funds of ₹ 5,00,000 . The management is considering the following alternatives for raising funds :</p> <p>Alternative 1: Issue of 5000 Equity shares of ₹100 each Alternative 2: Issue of 10% Debentures of Rs. 5,00,000</p> <p>The company’s present Earnings Before Interest and Tax (EBIT) is ₹4,00,000 p.a. Assuming that the rate of Return of Investment remains the same after expansion, which alternative should be used by the company in order to maximise the returns to the equity shareholders. The Tax rate is 50%. Show the working.</p> | 5 |

| MARKING SCHEME BUSINESS STUDIES (054) Term II (2021-22) Class XII | | |
|--|---|--|
| 1 | Two sources of internal recruitment: <ol style="list-style-type: none"> 1. Promotion refers to shifting of an employee to a higher position, carrying higher responsibilities, facilities, status and pay. 2. Transfer involves shifting of an employee from one job to another, one department to another, without substantive change in the responsibilities and status of the employee. | ½ mark for identification and ½ mark for explanation (1+1=2 marks) |
| 2 | Offer for Sale: Under this method securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stock brokers. In this case, a company sells securities embolic at an agreed price to brokers who, in turn, resell them to the investing public. | ½ mark for identification and 1.5 marks for explanation |
| 3 | <ol style="list-style-type: none"> 1. Workload analysis: This would enable an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives. 2. Workforce analysis: This would reveal the number and type available. | (1/2 mark for the heading and ½ mark for the explanation) 1+1=2 marks |
| 4 | a) Controlling (b) Measurement of actual performance Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. | 1 mark (1/2 mark for the heading and ½ mark for the explanation) 1 mark |
| 5 | Non monetary incentives: (Any two) <ol style="list-style-type: none"> 1. Job enrichment: It is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill, etc., 2. Employee recognition programmes: Recognition means acknowledgment with a show of appreciation. 3. Job security: Employees want their job to be secure. They want certain stability about income and work so that they do not feel worried about these aspects and work with greater zeal. | (½ mark for the heading and 1 mark for the explanation) (1.5 x 2=3) |

| | | |
|---|---|--|
| 6 | <p>Importance of Directing: (Any three)</p> <ol style="list-style-type: none"> 1. Directing helps to initiate action by people in the organisation towards attainment of desired objectives. 2. Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organisational performance. 3. Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership. 4. Directing facilitates introduction of needed changes in the organisation. 5. Effective directing helps to bring stability and balance in the organisation since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments. <p>OR</p> <p>Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organisational objectives. (or any other correct definition)</p> <p>Styles of leadership (Any two):</p> <p>(I) Autocratic or Authoritarian leader gives orders and expects his subordinates to obey those orders.</p> <p>(ii) Democratic or Participative leaders will develop action plans and make decisions in consultation with their subordinates.</p> <p>(iii) Laissez faire or Free-rein leader does not believe in the use of power unless it is absolutely essential.</p> | <p>1 mark for each correct statement.</p> <p>(1X3 = 3marks)</p> <p>1 mark</p> <p>1x2=2 marks</p> |
| 7 | <p>Factors affecting working capital requirement of the company (Any three) :</p> <ol style="list-style-type: none"> 1. Nature of Business influences working capital requirements in a trading organisation which usually needs a smaller amount of working capital compared to a manufacturing organisation, while service industries which usually do not have to maintain inventory require less working capital. 2. Scale of operations influences working capital requirements in large organisations which require a large amount of working capital as compared to the organisations which operate on a lower scale. 3. Business cycle affects the requirement of working capital by a firm, as in case of a boom a larger amount of working capital is required as compared to the period of depression. 4. Seasonal Factors affect the working capital requirement, as in peak season large amounts of working capital is required and lower amount is required in the lean season. 5. Production cycle affects the working capital requirement, as it is higher in firms with longer processing cycles and lower in firms with shorter processing cycles. 6. Credit allowed in a firm with liberal credit policy results in a higher amount of debtors, increasing the requirement of working capital. 7. Credit availed by a firm, to the extent to which the firm avails the credit on purchases the working capital requirement is reduced. 8. Operating efficiency may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital. 9. Availability of raw material influences the working capital requirement as larger the lead time, larger the quantity of material to be stored and larger shall be the amount of working capital required. 10. If the growth potential of a concern is perceived to be higher, it will require a larger amount of working capital. 11. Higher level of competitiveness may necessitate larger stocks and increases working capital requirement. 12. The working capital requirement of a business becomes higher with higher rate of | <p>1x3=3 marks</p> |

| | | |
|---|--|---|
| | inflation. | |
| 8 | <p>Importance of controlling (Any two):</p> <ol style="list-style-type: none"> 1. Accomplishing organisational goals: The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. 2. Ensuring Order and discipline: Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour by keeping a close check on their activities. 3. Making efficient use of resources: Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner. 4. Improving employee motivation: A good control system ensures that employees 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. It, thus, motivates them and helps them to give better performance. | <p>(½ mark for the heading and 1 marks for the explanation)</p> <p>1.5x2=3 marks</p> |
| 9 | <p>Rights of a Consumer under the Consumer Protection Act, 2019 (Any five):</p> <ol style="list-style-type: none"> 1. Right to safety: The consumer has a right to be protected against goods and services which are hazardous to life, health and property. 2. Right to be informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc. 3. Right to be assured: The consumer has the freedom to assess a variety of products at competitive prices. 4. Right to be heard: The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. 5. Right to seek redressal: The consumer has a right to get relief against unfair trade practice of restrictive trade practices or unscrupulous exploitation in case the product or a service falls short of his expectation. 6. Right to consumer education: The consumer has a right to acquire knowledge and to be a well informed consumer throughout life. <p style="text-align: center;">OR</p> <p>Responsibilities of a Consumer under the Consumer Protection Act, 2019 (Any five):</p> <ol style="list-style-type: none"> 1. Be aware of various goods and services available in the market so that an intelligent and wise choice can be made. 2. Buy only standardised goods as they provide quality assurance. 3. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely. 4. Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. 5. Assert yourself to ensure that you get a fair deal. 6. Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices. 7. Ask for a cash memo on purchase of goods or services. 8. File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. 9. Form consumer societies which would play an active part in educating consumers and safeguarding their interests. | <p>1x5=5</p> <p>1X5=5</p> |

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| | 10. Respect the environment. | |
| 10 | <p>Regulatory Functions of Securities and Exchange Board of India (Any five)</p> <ol style="list-style-type: none"> 1. Registration of brokers and sub-brokers and other players in the market. 2. Registration of collective investment schemes and Mutual Funds. 3. Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market. 4. Regulation of takeover bids by companies. 5. Calling for information by under- taking inspection, conducting enquiries and audits of stock exchanges and intermediaries. 6. Levying fee or other charges for carrying out the purposes of the Act. 7. Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India. | <p>1 mark for each correct statement.</p> <p>1x5 =5 marks</p> |
| 11 | <p>(a).Selection</p> <p>Steps in the process of selection discussed:</p> <ol style="list-style-type: none"> 1. Preliminary Screening. 2. Selection Tests. 3. Employment interview <p>(b). Next two steps:</p> <ol style="list-style-type: none"> 1. Reference and background checks - Many employers request names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references. 2. Selection Decision- The final decision has to be made from among the candidates who passed the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection. 3. Medical Examination- After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination. | <p>½ marks</p> <p>X4=2</p> <p>(½ mark for the heading and ½ mark for the explanation)</p> <p>1X3=3 marks</p> |

| 12 | <p>Dividend decision: The decision involved here is how much of the profit earned by the company (after paying tax) is to be distributed to the shareholders and how much of it should be retained in the business.</p> <p>Factors affecting Dividend decision: (Any two)</p> <ol style="list-style-type: none"> 1. Amount of Earnings: Dividends are paid out of current and past earnings. Therefore, earnings are a major determinant of the decision about dividend. 2. Growth Opportunities: Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. The dividend in growth companies is, therefore, smaller, than that in the non-growth companies. 3. Cash Flow Position: The payment of dividend involves an outflow of cash. A company may be earning profit but may be short on cash. Availability of enough cash in the company is necessary for declaration of dividend. 4. Access to Capital Market: Large and reputed companies generally have easy access to the capital market and, therefore, may depend less on retained earnings to finance their growth. These companies tend to pay higher dividends than the smaller companies which have relatively low access to the market. <p style="text-align: center;">OR</p> <p>Rate of Return of Investment is $4,00,000/10,00,000 \times 100=40\%$ EBIT after expansion = $40\% \times 15,00,000=6,00,000$</p> <p style="text-align: center;">Calculation of EPS</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Plan 1</th> <th>Plan 2</th> </tr> </thead> <tbody> <tr> <td>EBIT</td> <td>6,00,000</td> <td>6,00,000</td> </tr> <tr> <td>(-)Interest</td> <td>-</td> <td>50,000</td> </tr> <tr> <td>EBT</td> <td>6,00,000</td> <td>5,50,000</td> </tr> <tr> <td>(-)Tax(50%)</td> <td>3,00,000</td> <td>2,75,000</td> </tr> <tr> <td>EAT.</td> <td>3,00,000</td> <td>2,75,000</td> </tr> <tr> <td>No. Of shares.</td> <td>15000.</td> <td>10000</td> </tr> <tr> <td>EPS.</td> <td>20</td> <td>27.5</td> </tr> </tbody> </table> <p>The company should use Plan 2 in order to increase the return to the equity shareholders.</p> | | Plan 1 | Plan 2 | EBIT | 6,00,000 | 6,00,000 | (-)Interest | - | 50,000 | EBT | 6,00,000 | 5,50,000 | (-)Tax(50%) | 3,00,000 | 2,75,000 | EAT. | 3,00,000 | 2,75,000 | No. Of shares. | 15000. | 10000 | EPS. | 20 | 27.5 | <p>1 mark</p> <p>(1/2 mark for the heading and 1.5 marks for the explanation)</p> <p>2X2=4 marks</p> <p>4 marks</p> <p>1 mark</p> <p>(1+4 = 5marks)</p> |
|----------------|---|----------|--------|--------|------|----------|----------|-------------|---|--------|-----|----------|----------|-------------|----------|----------|------|----------|----------|----------------|--------|-------|------|----|------|--|
| | Plan 1 | Plan 2 | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | 6,00,000 | 6,00,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| (-)Interest | - | 50,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| EBT | 6,00,000 | 5,50,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| (-)Tax(50%) | 3,00,000 | 2,75,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| EAT. | 3,00,000 | 2,75,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| No. Of shares. | 15000. | 10000 | | | | | | | | | | | | | | | | | | | | | | | | |
| EPS. | 20 | 27.5 | | | | | | | | | | | | | | | | | | | | | | | | |

PRACTICE QUESTION PAPER 1
BUSINESS STUDIES (054)
TERM II (2021-22)

Class XII

MM: 40

Time: 2 Hours

General Instructions:

1. This is a Subjective Question Paper containing 12 questions.
2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

| S.NO | QUESTIONS | MARKS |
|------|--|-------|
| 1 | Mention two techniques of estimating manpower requirement. | 2 |
| 2 | Charu is a chartered accountant in Prakash Ltd. During the course of meeting with directors she came to know that as against the previous years, this year company is going to declare handsome dividend offer. It is observed that when such news becomes public then the share market jumps up. Considering it, Charu purchased large number of company's shares before this news reached the public. 1. Identify the type of malpractice used by Charu. 2. Name the authority which regulates such behaviour. | 2 |
| 3 | Babita Ltd. is engaged in manufacturing machine components. The target production is 250 units per day per worker. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 200-210 units per worker. Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of a worker is less than the set target. | 2 |
| 4 | Name the methods of recruitment in the following cases: 1. 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. 2. Casual vacancies of unskilled or semi-skilled jobs when there is a rush of order or when some permanent workers are absent. | 2 |
| 5 | To satisfy the social and physiological needs which type of incentives are needed? Explain any two types of such incentives. | 3 |
| 6 | Differentiate between formal communication and informal communication on the basis of: Channel, Nature and speed. Or State the meaning of different types of Leadership styles | 3 |
| 7 | Name the process which helps in estimating the future finance requirements of an organisation. Also, give two importance of that process. | 3 |

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| 8 | D & D Ltd. is a large manufacturing unit. Recently, the company has conducted the 'time' and 'motion' studies and concluded that on an average a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units. Which function of management is needed to ensure that the actual performance is in accordance with the performance as per 'time' and 'motion' studies? State four features of this function of management | 3 |
| 9 | Nishant, the director of a garments company, is planning to manufacture bags for the utilisation of waste material from one of his garment's units. He has decided that this manufacturing unit will be set up in a rural area of Odisha where people have very few job opportunities and labour is available at very low rates. He has also thought of giving equal opportunities to men and women. For this, he wants four different heads for Sales, Accounts, Purchase and Production. He gives an advertisement and shortlists ten candidates per post after conducting different selection tests. (i) Identify and state the next five steps for choosing the best candidate out of the candidates shortlisted. | 5 |
| 10 | Under consumer protection, who can file a complaint? Or What are the Remedies/Reliefs available to the consumer under Consumer Protection Act? | 5 |
| 11 | Distinguish between money market and capital market. | 5 |
| 12 | 'G Motors' is the manufacturer of sophisticated cranes. The production manager of the company, reported to the chief executive officer, Ashish Jain that one of the machines used in manufacturing sophisticated cranes had to be replaced to compete in the market, as other competitors were using automatic machines for manufacturing cranes. After a detailed analysis, it was decided to purchase a new automatic machine having the latest technology. It was also decided to finance this machine through long-term sources of finance. Ashish Jain compared various machines and decided to invest in the machine which would yield the maximum returns to its investors. (i) Identify the financial decision taken by Ashish Jain. (ii) Explain any three factors affecting the decision identified in (i) above. Or Sana is a young professional employed in a multinational company. Her annual package is of `6 lakh. Since she lives with her parents, therefore she is able to save a major part of her earnings. Her friends are constantly advising her to invest in shares. But, she is not aware about the nitty-gritties regarding the functioning of the stock-exchange. So, she decided to invest in equity through the primary market, assuming that this will help her to earn stable dividends. But her father, who was a retired bank officer told her that even dividends are not stable as they are affected by several factors. (i) Is Sana's father right in his assertion? (ii) Explain the following as factors affecting 'dividend decision'. | 5 |

Marking scheme 1

| S.no | Answer | Marks | | | | | | | | | | | | |
|-----------|--|--|----------------------|------------------------|-----------|--|--|----------|---------|-------------|----------|---|--------------------------------------|---|
| 1 | <ol style="list-style-type: none"> 1. Workload analysis 2. Workforce analysis | 2 | | | | | | | | | | | | |
| 2 | <ol style="list-style-type: none"> 1. Price rigging. 2. Authority is securities and exchange board of India (SEBI). | 2 | | | | | | | | | | | | |
| 3 | <p>The management function is controlling.</p> <p>“comparing actual performance with standards” is the step involved in the process of controlling which helped in finding out that the actual production of a worker is less than the set target.</p> | 2 | | | | | | | | | | | | |
| 4 | <ol style="list-style-type: none"> 1. Casual callers 2. Direct recruitment | 2 | | | | | | | | | | | | |
| 5 | <p>Financial incentives are needed to satisfy the social and physiological needs.</p> <p>These types of such incentives are</p> <p>I. Pay and allowances: salary is the basic monetary incentive for every employee. It Includes basic pay, dearness allowance and other allowances like house rent Allowance, entertainment allowance etc. Under salary system, employees get Regular annual increments and enhancement of allowances from time to time.</p> <p>II. Profit sharing: sometimes a company or a business firm may share some part of Its profit with the employees. The main purpose of sharing profits with the Employees is to improve their performance so that they can contribute more in Increasing the productivity and profits of the firm.</p> <p>III. Productivity linked wage incentives: employees can be motivated by giving Them productivity linked wage incentives. There are certain wage rate plans Which offer higher wage for more efficient worker for example; different piece Wage system allows high wages to efficient workers as compared to inefficient Workers.</p> <p>IV. Co-partnership/stock option: sometimes companies offer their shares to its Employees at a set price which is lower than the market price. The main purpose of allotting shares to the employees is to create a feeling of ownership among them So that they can contribute more for the growth of the organization.</p> | 3 | | | | | | | | | | | | |
| 6 | <p>The difference between formal communication and informal communication are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;">Basis</th> <th style="width: 40%;">Formal Communication</th> <th style="width: 45%;">Informal Communication</th> </tr> </thead> <tbody> <tr> <td>1.Channel</td> <td>1. It follows formal or established line of command.</td> <td>1. It is a based on informal relationship and arises as a result of personal social or group</td> </tr> <tr> <td>2.Nature</td> <td>2.Rigid</td> <td>2. Flexible</td> </tr> <tr> <td>3. Speed</td> <td>3. The speed of communication is usually slow</td> <td>3. It transmits Information Swiftly.</td> </tr> </tbody> </table> <p>Or</p> | Basis | Formal Communication | Informal Communication | 1.Channel | 1. It follows formal or established line of command. | 1. It is a based on informal relationship and arises as a result of personal social or group | 2.Nature | 2.Rigid | 2. Flexible | 3. Speed | 3. The speed of communication is usually slow | 3. It transmits Information Swiftly. | 3 |
| Basis | Formal Communication | Informal Communication | | | | | | | | | | | | |
| 1.Channel | 1. It follows formal or established line of command. | 1. It is a based on informal relationship and arises as a result of personal social or group | | | | | | | | | | | | |
| 2.Nature | 2.Rigid | 2. Flexible | | | | | | | | | | | | |
| 3. Speed | 3. The speed of communication is usually slow | 3. It transmits Information Swiftly. | | | | | | | | | | | | |

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| | <p>Autocratic leadership style: This style is also known as leader centered style. The leader keeps all the authority and employees have to perform the work exactly as per his order. He does not decentralize his authority. The responsibility of the success or the failure of the management remains with the manager.</p> <p>Democratic leadership: This style is also known as group centered leadership style. Managerial decisions are not taken by the manager in consultation with employees. This leadership style is based on decentralization. Managers respect the suggestions made by his subordinates.</p> <p>Laissez-faire leadership style: this style as leadership is also known as free brain leadership or individual centered style. The manager takes little interest in managerial functions and the subordinates are left on their own. Manager explain over all objectives; help subordinates in determining their own objectives. They provide resources. They also advise the employees.</p> | |
| 7 | <p>Financial planning is the process of estimating the future Finance requirements of an organisation.</p> <p>Importance of financial planning are</p> <p>(i) by forecasting what may happen in future, company Prepares plans for future through financial planning.</p> <p>(ii) it helps in avoiding business shocks and surprises by Preparing a blueprint of organisation's future Preparations.</p> <p>(iii) financial planning helps in linking the present with the future.</p> <p>(iv) through financial planning, wastage of human as Well as physical resources is reduced.</p> | 3 |
| 8 | <p>Controlling</p> <p>Features of controlling:</p> <ol style="list-style-type: none"> 1. Controlling is a goal-oriented function 2. Controlling is a pervasive function 3. Controlling is a continuous process 4. Controlling is both a backward looking as well as forward looking function. | 3 |
| 9 | <p>Next five steps in selection are:</p> <p>(i) employment interview</p> <p>(ii) checking references and background</p> <p>(iii) selection decision</p> <p>(iv) medical examination</p> <p>(v) job offer</p> | 5 |
| 10 | <p>A complaint before the appropriate consumer forum can be made by:</p> <p>(i) any consumer can file a complaint on his/her own and does not need the services of advocate/ professionals</p> <p>(ii) any registered consumers' association;</p> <p>(iii) the central government or any state government;</p> <p>(iv) one or more consumers, on behalf of numerous consumers having the same interest</p> <p>(v) a legal heir or representative of a deceased consumer.</p> <p>Or</p> | 5 |

| | <p>If the consumer court is satisfied about the genuineness of the complaint, it can issue one or more of the following directions to the opposite party.</p> <p>(i) to remove the defect in goods or deficiency in service. (ii) to replace the defective product with a new one, free from any defect. (iii) to refund the price paid for the product, or the charges paid for the service. (iv) to pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. (v) to pay punitive damages in appropriate circumstances. (vi) to discontinue the unfair/restrictive trade practice and not to repeat it in the future. (vii) not to offer hazardous goods for sale. (viii) to withdraw the hazardous goods from sale. (ix) to cease manufacture of hazardous goods and to desist from offering hazardous services. (x) to pay any amount (not less than 5% of the value of the defective goods or deficient services provided), to be credited to the consumer welfare fund or any other organisation/person, to be utilised in the prescribed manner. (xi) to issue corrective advertisement to neutralise the effect of a misleading advertisement. (xii) to pay adequate costs to the appropriate party.</p> | | | | | | | | | | | | | | | | | | | | | |
|------|---|--|--|--------------|----------------|---|---------|--|--|---|--------------|---|--|---|-------------|---|--|---|-------------------|---|--|---|
| 11 | <p>Difference between money and capital market (any 5)</p> <table border="1"> <thead> <tr> <th data-bbox="308 1070 411 1111">S.NO</th> <th data-bbox="411 1070 595 1111">BASIS</th> <th data-bbox="595 1070 890 1111">MONEY MARKET</th> <th data-bbox="890 1070 1249 1111">CAPITAL MARKET</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 1111 411 1335">1</td> <td data-bbox="411 1111 595 1335">Meaning</td> <td data-bbox="595 1111 890 1335">it is a market dealing in Securities of short-term Funds, whose maturity Period is up to one year.</td> <td data-bbox="890 1111 1249 1335">It is a market dealing In securities for Long-term funds, Whose maturity period Is more than one year.</td> </tr> <tr> <td data-bbox="308 1335 411 1626">2</td> <td data-bbox="411 1335 595 1626">Participants</td> <td data-bbox="595 1335 890 1626">major participants are RBI, commercial Banks, financial Institutions and finance Companies.</td> <td data-bbox="890 1335 1249 1626">Participants of capital Market is financial Institutions, banks, Corporate entities, Foreign investors and Ordinary retail Investors from the Members of public.</td> </tr> <tr> <td data-bbox="308 1626 411 1816">3</td> <td data-bbox="411 1626 595 1816">Instruments</td> <td data-bbox="595 1626 890 1816">instruments traded are T-bills, commercial Bills, certificate of Deposits, etc.</td> <td data-bbox="890 1626 1249 1816">Main instruments Traded are shares, Debentures, bonds, Preference shares, etc.</td> </tr> <tr> <td data-bbox="308 1816 411 2029">4</td> <td data-bbox="411 1816 595 2029">Investment Outlay</td> <td data-bbox="595 1816 890 2029">In money market, Instruments require Huge sums of money, because these are quite Expensive.</td> <td data-bbox="890 1816 1249 2029">It does not require Huge capital outlay, as The value of units of Securities is generally Low, i.e. ` 10 or ` 100. Even the trading lot is</td> </tr> </tbody> </table> | S.NO | BASIS | MONEY MARKET | CAPITAL MARKET | 1 | Meaning | it is a market dealing in Securities of short-term Funds, whose maturity Period is up to one year. | It is a market dealing In securities for Long-term funds, Whose maturity period Is more than one year. | 2 | Participants | major participants are RBI, commercial Banks, financial Institutions and finance Companies. | Participants of capital Market is financial Institutions, banks, Corporate entities, Foreign investors and Ordinary retail Investors from the Members of public. | 3 | Instruments | instruments traded are T-bills, commercial Bills, certificate of Deposits, etc. | Main instruments Traded are shares, Debentures, bonds, Preference shares, etc. | 4 | Investment Outlay | In money market, Instruments require Huge sums of money, because these are quite Expensive. | It does not require Huge capital outlay, as The value of units of Securities is generally Low, i.e. ` 10 or ` 100. Even the trading lot is | 5 |
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| 1 | Meaning | it is a market dealing in Securities of short-term Funds, whose maturity Period is up to one year. | It is a market dealing In securities for Long-term funds, Whose maturity period Is more than one year. | | | | | | | | | | | | | | | | | | | |
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|----|--|-----------|--|---|---|
| | | | | Kept low at 5, 50, 100 Or so. | |
| | 5 | Duration | they have a tenure of Maximum one year and May even be traded for a single day. | Deals with medium Term and long-term Securities with a Maturity period of More than one year. | |
| | 6 | Liquidity | They are highly liquid and have an Arrangement for Providing liquidity, Which is provided by Discount and finance House of India | They are less liquid, E.g. A person wanting To sell shares may not Get a buyer. | |
| 12 | <p><i>Ans.</i> (i) financial decision taken by Ashish Jain is investment (long-term/capital budgeting) decision.</p> <p>(ii) the factors affecting investment decision are given Below</p> <p>(a) cash flow of the project when a firm takes an Investment decision involving huge amount, it Expects to generate some cash flows (inflow or Outflow) over a period.</p> <p>Thus, the inflows and outflows of cash in the Business should be considered before making Capital budgeting decisions.</p> <p>(b) rate of return each project is selected after Comparing expected returns of different projects and the degree of risk involved in them.</p> <p>(c) the investment criteria involved the decision to Invest in a particular project involves a number of Calculations regarding the amount of investment, Interest rate, cash flows and rate of return.</p> <p>Or</p> <p>(i) yes, Sana's father is correct in his assertion.</p> <p>(ii) factors affecting dividend decision are</p> <p>(a) stability of dividend every company adopts the Policy of maintaining the stability of dividend per Share. From this point of view, a little change in Profit should not be allowed to increase or Decrease the dividend.</p> <p>(b) legal constraints certain provisions of the Companies act put restrictions on pay-outs as Dividend. Such provisions must be adhered to While declaring the dividend.</p> <p>(c) access to capital market large and reputed Companies generally have easy access to the Capital market and therefore may be depended Less on retained earnings to finance their growth. These companies tend to pay higher dividends Than the smaller companies.</p> <p>4. Growth opportunities companies having good Growth opportunities retain more money out of their Earnings so as to finance the required investment. Therefore, the dividend declared in growth companies Is smaller than that in the non-growth companies.</p> <p>5. Cash flow position dividend involves an outflow of Cash. Availability of enough cash is necessary for Payment or declaration of dividends.</p> <p>6. Shareholders' preference while declaring dividends,</p> | | | | 5 |

| | |
|--|--|
| <p>Management must keep in mind the preferences of the Shareholders. Some shareholders desire that at least a Certain amount is paid as dividend.</p> <p>7. Taxation policy if the tax on dividends is higher, it is Better to pay less by way of dividends. But if the tax rates are lower, higher dividends may be Declared. This is because as per the current taxation Policy, a dividend distribution tax is levied on Companies.</p> <p>8. Stock market reaction generally, an increase in Dividends has a positive impact on stock market and Vice-versa. Thus, while deciding on dividends, this Should be kept in mind.</p> <p>9. Access to capital market large and reputed Companies generally have easy access to the capital Market and therefore, may depend less on retained Earnings to finance their growth. These companies Tend to pay higher dividends than the smaller Companies.</p> | |
|--|--|

PRACTICE QUESTION PAPER 2
BUSINESS STUDIES (054)
TERM II (2021-22)

Class XII

MM: 40

Time: 2 Hours

General Instructions:

1. This is a Subjective Question Paper containing 12 questions.
2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

| S.NO | QUESTIONS | MARKS |
|------|---|-------|
| 1 | An organisation provides security services. It requires such candidates who are reliable and don't leak out the secrets of their clients. What step should be incorporated in selection process? | 2 |
| 2 | Name the financial instrument which may be used in the following situations: (i) A company needs funds to meet floatation cost in order to issue equity shares in the market. (ii) The instrument that is issued during the period of tight liquidity when the deposit growth of bank is slow but demand for credit is high. | 2 |
| 3 | 'Saurashtra' is a company involved in the export of indigenous food products like chutneys and pickles. it has tied up with the small farmers in various states for sourcing of fruits and vegetables. In this way it helps the small farmers to sell their produce at reasonable rates. The company follows a practice where only significant deviations from a budget or plan are brought to the attention of management. The degree of deviations allowed in different categories in the budget are well defined in advance, along with the appropriate levels of managements who will respond to the deviations in question. For example, a deviation of Rs. 20,000 or more in purchase costs will be reported to the concerned department manager. In context of the above case: 1. Identify the principle of management control adopted by the company. State the belief underlying this principle. | 2 |
| 4 | Ramesh is working under the guidance of Harish, a carpenter. For the last three years to learn the different skills of this job. Name and explain the method of training Ramesh is Undergoing. | 2 |
| 5 | A behaviour study was done on total of 100 employees of an organization. Group A (of 50 employees) were appreciated by the manager for their work and initiative for new idea. All these employees were given option of flexible working hours and were paid wages at a higher piece rate. On the other hand, Group B (of remaining 50 | 3 |

| | | |
|----|---|---|
| | <p>employees) was criticized for their poor performance. Their increments were stopped and they were paid wages at a lower piece rate.</p> <p>(a) Identify and explain the feature of motivation highlighted in the above case.</p> <p>(b) What type of leadership is followed by the manager? Justify your answer.</p> | |
| 6 | <p>State the importance of directing.</p> <p>Or</p> <p>Explain any three features of formal communication.</p> | 3 |
| 7 | <p>In a meeting, General manager is of the view that profit maximization is the main objective of financial management, while you as a finance manager believe that -wealth maximization is the most important objective. Justify your position to convince the board member by giving suitable reasons.</p> | 3 |
| 8 | <p>‘A.S. Ltd.’ is a large company engaged in assembly of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy is gossiping.</p> <ol style="list-style-type: none"> 1. Identify the function of management discussed above. 2. State those steps in the process of the function identified which are discussed in the above paragraph. | 3 |
| 9 | <p>A company x Ltd. is setting up a new plant in India for manufacturing auto components. India has highly competitive and cost-effective production base in this sector. X Ltd. is planning to capture about 40% of the market share in India and also export to the tune of at least \$5 million in about 2 years of its planned operations. To achieve these targets, it requires a highly trained and motivated workforce. You have been retained by the company to advise it in this matter.</p> <p>(i) which sources of recruitment the company should rely upon?</p> <p>(ii) Which methods of training should company initiate?</p> | 5 |
| 10 | <p>Enumerate any five rights of a consumer under the Consumer Protection Act, 2019.</p> <p>OR</p> <p>Enumerate any five responsibilities of a Consumer Protection Act, 2019.</p> | 5 |
| 11 | <p>Explain the trading procedure on a stock exchange.</p> | 5 |
| 12 | <p>Surya Ltd. is manufacturing steel at its plant in India. It is enjoying a buoyant demand for its products as economic growth is about 7% to 8% and the demand for steel is growing. Therefore, it is planning to set-up a new steel plant to take benefit of such trends in demand. It is estimated that such an expansion will require about ` 5,000 crore to</p> | 5 |

set-up and about ` 500 crore of working capital. As the finance manager of the company, state any three factors that would be considered while determining the capital structure for the new venture.

Or

The Return on Investment (RoI) of a company ranges between 10-12% for the past three years. To finance its future fixed capital needs, it has the following options for borrowing debt.

Option 'A' Rate of interest 9%

Option 'B' Rate of interest 13%

Which source of debt, 'Option A' or 'Option B', is better? Give reason in support of your answer. Also state the concept being used in taking the decision.

Marking scheme 2

| S.NO | ANSWER | MARKS |
|------|--|-------|
| 1 | 1. Personality test 2. Reference check | 2 |
| 2 | (1) Commercial Paper (2) Treasury Bill | 2 |
| 3 | Management by exception is the principle of management control adopted by the company. It is based on the belief that 'if you try to control everything, you may end up controlling nothing. | 2 |
| 4 | <u>Apprenticeship Training</u> : Trainee is kept under guidance of a master worker. It is designed to acquire a higher level of skill e.g. plumbers, electricians, iron workers, motor mechanic etc. | 2 |
| 5 | 1. Motivation can be either positive or negative. Positive motivation provides positive rewards like increase in pay, promotion, recognition, etc. Negative motivation uses negative means like punishment, stopping increments, threatening, etc. 2. Autocratic leadership style. The leader's following assumes that reward or punishment both can be given depending upon the result. | 3 |
| 6 | <ol style="list-style-type: none"> 1. Directing helps to initiate action in the organization. 2. Directing integrates employees' efforts in the organization 3. Directing guides employees to realise their potential by motivation and leadership. 4. Directing facilitates introduction of changes by reducing resistance to change. 5. Directing brings stability and balance in the organisation <p>OR</p> <p>(a) Written and oral. It can be both in written or oral. Daily works are handed through oral communication while the policy matters require written communication.</p> <p>(b) Formal Relations: This communication is adopted among those employees where formal relations have been established by the organization. The sender and the receiver have some sort of organizational relation.</p> <p>(c) Prescribed path: The communication has to pass through a definite channel while moving from one person to another for example to convey the feelings of a worker to the manager, their foreman's help has to be sought.</p> <p>(d) Organisational message. This channel is concerned with the authorized organizational messages only and the personnel messages are out of its jurisdiction.</p> | 3 |
| 7 | Profit maximization implies procuring the optimum amount of finance by creating minimum liabilities on the companies and by utilizing the finance in the best possible way. While wealth maximization means increase in the market value of shares. Wealth of a company can be maximized only if funds are economically used. Hence wealth maximization become the most important objective since it includes profit maximization and represents the long-term interest of shareholders. | 3 |
| 8 | <ol style="list-style-type: none"> 1. Controlling 2. Steps discussed in the above paragraph are: | 3 |

| | | |
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| | <ol style="list-style-type: none"> 1. Setting performance standards 2. Measurement of actual performance 3. Comparing actual performance with the standards 4. Analysing deviations for their causes. | |
| 9 | <p>1. The company should rely upon the following external sources of recruitment because it is setting up a new plant and requiring large number of employees with latest technology. So, it needs to recruit technical, professional and managerial personnel.</p> <ul style="list-style-type: none"> ● Advertisement ● Management consultants ● Campus recruitment. <p>The company should initiate following methods of training</p> <ul style="list-style-type: none"> ● Apprenticeship training ● Vestibule training ● Internship. | 5 |
| 10 | <p>Consumer Rights: The Consumer Protection Act provides following six rights to consumers to safeguard their interests.</p> <p>(i) Right to Safety It means a consumer has a right to be protected against the marketing of such goods and services that are harmful to life and health. Thus, consumers are educated to use standardised goods, such as electrical goods with ISI mark, food products with FPO mark, etc as such goods would be an assurance of meeting quality specifications.</p> <p>(ii) Right to be Informed A consumer has the right to get true and complete information about the quality, quantity, price, contents, expiry date of the goods and services which he intends to buy. Therefore, the legal framework in India has made it compulsory to provide all such information on the package of the product.</p> <p>(iii) Right to be Assured Consumers have the freedom to choose products of their choice. This implies that the marketers should offer a wide variety of products in terms of quality, brand, size, etc, so that the consumer can make a wise choice by comparing different products available at competitive prices.</p> <p>(iv) Right to be Heard The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason, many enlightened business firms have setup their own consumer service and grievance cells, and help consumers in redressal of their grievances.</p> <p>(v) Right to Seek Redressal This right assures justice to consumers against exploitation and includes compensation for any loss or injury suffered by the consumers, replacement of goods or repair of defects in the goods in order to provide satisfaction to consumers. Thus, the consumer has a right to get relief in case the product falls short of his expectation.</p> <p>Or</p> <p>A consumer should fulfil the following responsibilities, while purchasing, using and consuming goods and services (any four)</p> <p>(i) A consumer must read the labels carefully, so as to have complete information about the price, quantity, ingredients, usage, contents, expiry date, etc.</p> | 5 |

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|----|--|---|
| | <p>(ii) A consumer must ensure that he gets a fair deal.</p> <p>(iii) A consumer should be honest in his dealings, choose legal goods and discourage unscrupulous practices like black marketing, hoarding, etc.</p> <p>(iv) A consumer should always ask for a cash memo, as it is the proof of purchase required at the time of taking any action against a fraudulent seller/manufacturer.</p> <p>(v) A consumer must file a complaint in case of any shortcoming in goods or services availed.</p> <p>(vi) A consumer should take initiative to form consumer societies that can take active part in educating consumers and safeguarding their interests.</p> <p>(vii) A consumer should respect the environment and avoid creating pollution.</p> | |
| 11 | <p>Trading procedure on a stock exchange involves the following steps</p> <p>(i) Approach a registered broker and open a trading account.</p> <p>(ii) Open a demat account with depository participant.</p> <p>(iii) Place an order with the broker to buy or sell shares.</p> <p>(iv) Execution of the order by the broker.</p> <p>(v) Issue of a contract note containing details of number of shares sold, price, date and time of deal.</p> <p>(vi) Delivery of shares sold or payment of cash for the shares bought on the pay-in day.</p> <p>(vii) Settlement of the deal on the pay-out day, i.e. T +2 day.</p> <p>(viii) Delivery of shares and payment of cash by the broker to the investors.</p> | 5 |
| 12 | <p>In this case, the various factors that are to be considered in determining the capital structure for the new venture will be</p> <p>(i) Cost of Debt If the rate of interest on debt is high, the company should use less debt in its capital structure and vice-versa.</p> <p>(ii) Cost of Equity When a company incurs debt, the financial risk faced by equity shareholders increases. Thus, debt can be used up to a limit. Beyond that point, cost of equity may go up and share prices may decrease.</p> <p>(iii) Interest Coverage Ratio (ICR) It refers to the number of times earnings before interest and tax covers the interest obligation. Higher the ICR, the company can borrow more funds and vice-versa.</p> <p>Or</p> <p>The company should use 'Option A' as in this case the return on investment (10-12%) will be more than the cost of debt (9%).</p> <p>The concept being used in the above case is Trading on Equity. The use of debt along with equity increases Earnings Per Share (EPS). This use of fixed financial charge, i.e., interest, increases the profit earned by shareholders. This concept is known as trading on equity.</p> <p>If the company opts for Option A, it will lead to favourable trading on equity as in this case $RoI > CoD$,</p> <p>Where RoI—Return on Investment (10-12%) CoD—Cost of Debt (9%)</p> | 5 |

PRACTICE QUESTION PAPER 3
BUSINESS STUDIES (054)
TERM II (2021-22)

Class XII

MM: 40

Time: 2 Hours

General Instructions:

1. This is a Subjective Question Paper containing 12 questions.
2. This paper contains 4 questions of 2 marks each, 4 questions of 3 marks each and 4 questions of 5 marks each.
3. 2 marks questions are Short Answer Type Questions and are to be answered in 30-50 words.
4. 3 marks questions are Short Answer Type Questions and are to be answered in 50-80 words.
5. 5 marks questions are Long Answer Type Questions and are to be answered in 80-120 words.
6. This question paper contains Case/Source Based Questions.

| S.NO | QUESTIONS | MARKS |
|------|---|-------|
| 1 | Identify the source and method of recruitment in which a notice is placed on the notice board of the enterprise specifying the details of jobs. | 2 |
| 2 | Identify the markets highlighted in following statements: (i) This market directly contributes to capital market. (ii) This market deals in instrument whose maturity is up to one year. (iii) It deals in medium- and long-term securities. (iv) It is also known as Stock Exchange and deals in sale and purchase of previously issued securities. | 2 |
| 3 | Which two steps in the process of control are concerned with compelling events to conform to plan? | 2 |
| 4 | Mr. Murthy is the Human Resource Manager of Jai Hind Hospital in Vellore. He has to appoint nurses for the hospital. Since patients in the hospital are of different types, he wants to find out the candidates' maturity and emotions in dealing with the patients. He also wants to know about the candidates' ability to make decisions. Explain two types of tests that Mr. Murthy can use to meet his requirements. | 2 |
| 5 | Mrs. Vandana is promoted to the post of principal in the Varanasi Public School. Pragya and Monika are business studies teachers as well as good friends. One day at lunch they were discussing about the behaviour of the newly appointed principal. The principal sets the targets for the subject teachers without discussing it with them. She firmly tells them that if the task is not completed within given time period then strict action will be taken against them. On the next day, one of the teachers explains some problems to the Principal but the Principal does not grasp the message due to some reasons. At the end of the given time period, the Principal has seen that few teachers could not complete their task. (a) Identify the type of communication used by Pragya and Monika in the above question. Also state one advantage of it. | 3 |

| | | |
|----|---|---|
| | (b) Which style of leadership is followed by Mrs. Vandana? | |
| 6 | <p>Identify the Maslow's hierarchy needs highlighted in the following cases:</p> <p>(a) Raman is looking for a job where he can earn at least Rs. 10,000 to make his living going.</p> <p>(b) Mr. Singh was promoted to the post of 'Area Sales Manager' to recognize his efforts in the past.</p> <p>(c) Reena, Principal of First Step Public School hosts Diwali Dinner at her place every year. She invites all employees including the support staff for the dinner.</p> <p>Or</p> <p>State any three non- monetary incentives.</p> | 3 |
| 7 | Why Capital Budgeting Decision are important? | 3 |
| 8 | <p>A company 'M' Ltd. is manufacturing mobile phones both for domestic Indian market as well as for export. It has enjoyed a substantial market share and also had a loyal customer following. But latterly it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also, mobile market in India has grown tremendously and new player have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.</p> <p>1. Identify the benefits the company will derive from a good control system.</p> | 3 |
| 9 | <p>'Pure Energy Ltd.'" imported a new hi-tech machine from Japan for manufacturing high quality and low-cost solar panels in India. After a month, the report of Production Manager reflected a decline in quantity and quality of production. On investigation, it was found that there was lack of technical knowledge and skills amongst the employees for using these hi-tech machines. This resulted in high-overhead charges as well as frequent visits of engineers was required from Japan.</p> <p>(i) Suggest what should be done to increase the quality and quantity of production.</p> <p>(ii) Also, state, how the employees will be benefited from your suggestion.</p> | 5 |
| 10 | <p>Explain the concept of consumer protection and any four points of importance of consumer protection from the point of view of a business.</p> <p>Or</p> <p>Explain the three-tier machinery under The Consumer Protection Act for redressal of consumers grievances.</p> | 5 |
| 11 | Explain the functions of stock exchange. | 5 |

| | | |
|----|--|---|
| 12 | <p>Steel one Enterprises is manufacturing high quality steel utensils. The demand for steel utensils is rising as people are getting aware that plastic is not good for health. This has led to increase in production of steel utensils.</p> <p>To encourage sales, Steel one Enterprises declared a liberal credit policy which allows three months credit to its wholesale buyers.</p> <p>In the light of the above, identify the two factors affecting working capital requirements of Steel one Enterprises. State with reason, whether the factors as identified above, will result in high or low working capital requirement.</p> <p>Or</p> <p>Monisha Consumer Goods' is a leading consumer goods chain with a network of 46 stores primarily across Mumbai, Delhi and Pune. It was started by Monisha Gupta in 1987. It has a large market share in Mumbai, Delhi and Pune. Looking for an opportunity to expand, it has decided to open a new branch in Kerala. She has to decide on what new resources she will invest in so that it is able to earn the highest possible return for its investors. Once the company believes that it will be able to generate higher revenues and profits, it also has to decide on how this project will get funded. The finance manager, Atul was told to have an optimal capital structure by striking a balance between various sources of getting the project funded so as to increase shareholders' wealth. Atul, after assessing the cash flow position of the company, evaluated the cost of different sources of finance and compared the risk associated with each source as well as the cost of raising funds.</p> <p>(i) State the two financial decisions discussed in the above situation.</p> <p>(ii) Explain any two factors affecting each of the decisions that still have to be considered by the finance manager.</p> | 5 |
|----|--|---|

Marking scheme 3

| S.NO | ANSWER | MARKS |
|------|---|-------|
| 1 | External source and method is casual callers | 2 |
| 2 | (I) Primary (ii) Capital Market (ii) Money Market (iv) Secondary Market | 2 |
| 3 | (i) Setting performance standards and (ii) Taking corrective action. | 2 |
| 4 | Two types of tests that Mr. Murthy can use to meet his requirements are (i) Personality Test: It provides clues to a person's emotions, reactions, maturity, value systems, etc. They probe the overall personality and are difficult to design and implement. (ii) Intelligence Test: It measures the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgments. | 2 |
| 5 | a) Informal communication. Any one correct advantage (b) Autocratic leadership. | 3 |
| 6 | Three non-monetary incentives are: (a) Job Enrichment — is a method of motivating employee by making the task to be performed by him more interesting and challenging. The job in itself serves as a source of motivation to the employee and brings out the best in him. (b) Suggestion System — Is a system where suggestions regarding the work procedure, environment are solicited from employees. This increases their participation & importance in the working of the enterprise and hence motivates them. (c) Job Security - refers to making the employee feel safe in his job positions. He is not threatened by transfers or removal from service and hence performs to the best of his abilities | 3 |
| 7 | Capital budgeting decisions are important because: (a) These decisions have bearing on the long-term growth. (b) These decisions result in a substantial portion of capital funds being blocked in long-term projects. (c) These decisions once taken, are nit reversible without incurring heavy losses. | 3 |
| 8 | Controlling is an indispensable function of management due to the following reasons 1. Accomplishing Organisational Goals It measures progress towards the organisational goals and find out deviations. In the absence of control system, activities may not be carried out according to plans. Thus, we can say, it guides the organisation and keeps it on the right track, so that it can attain its goals. 2. Judging Accuracy of Standards Through an effective control system, managers can easily judge the accuracy of standards. It also keeps a careful check on the changes taking place in the organisation and in the environment, which facilitates the review of standards, in the light of such changes. | 3 |

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| | <p>3. Making Efficient Use of Resources By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms, which helps in effective and efficient utilisation of resources.</p> <p>4. Improving Employees Motivation It helps employees in realising, what they are expected to do and what are the standards of performance, on the basis of which they are appraised. This motivates them to perform better.</p> | |
| 9 | <p>VESTIBULE SCHOOL. Vestibule school means duplicate model of organisation. Generally, when the expensive and delicate machineries are involved then employers avoid using on-the-job methods of training. A dummy model of machinery is prepared and instead of using original machinery employees are trained on dummy model. Sometimes the accountants who have to make entries in inventory register or cash register they are first supplied the duplicate registers with the same columns as in original registers and when they become perfect in making entries in duplicate register then they are handed over original register. Vestibule school is an off the-job method of training which makes use of benefit of on-the-job method.</p> | 5 |
| 10 | <p>A business must also lay emphasise on protecting the consumers and adequately satisfying them. This is important because of the following reasons</p> <p>(i) Long-term Interest of Business Customer is the foundation of business. Satisfied consumers not only bring repeated sales but also give positive feedback about the product, which help to increase the customer-base of business. In order to satisfy and retain consumers for long-term, consumer protection is necessary. This facilitates long-term profit maximisation of the firm.</p> <p>(ii) Business uses Society's Resources Business firms use resources that belong to the society such as manpower, mineral resources, capital, etc. Therefore, it is the responsibility of businesses to convert these resources into useful goods and services for the welfare of society.</p> <p>(iii) Social Responsibility Business organisation makes money by selling their products to consumers. It is the social responsibility of businessman to provide satisfaction to their customers and take care of their interests.</p> <p>(iv) Government Intervention If a business organisation is engaged in any form of exploitative trade practices, government would interfere and can tarnish the image of the company. Therefore, it is in the interest of business itself, to take care of consumer protection.</p> <p>Or</p> <p><i>Ans.</i> The three-tier machinery under The Consumer Protection Act for redressal of consumer's grievances consists of</p> <p>(i) District Commission</p> <p>(a) The State Governments are required to establish District Commission in each district.</p> <p>(b) A District Commission can receive consumer complaints, where the value of goods or services and the compensation claimed does not exceed 1crore.</p> | 5 |

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| | <p>(c) On receiving the complaint, the District Commission shall refer the complaint to the opposite party concerned and send the sample of goods for testing in a laboratory.</p> <p>(ii) State Commission</p> <p>(a) State Commission is set up by the State Government and its jurisdiction is restricted to the boundaries of the state concerned.</p> <p>(b) Only those complaints can be filed, where the value of goods or services and compensation claimed is more than ` 1 crore but not more than ` 10 crore.</p> <p>(c) The appeals against the orders of any District Commission can also be filed before the State Commission, within 45 days of passing of the order.</p> <p>(iii) National Commission</p> <p>(a) The National Commission is set up by the Central Government.</p> <p>(b) All complaints pertaining to those goods or services and compensation whose value is more than ` 10 crore can be filed.</p> <p>(c) Appeals against the order of any State Commission can also be filed before the National Commission, within 30 days of passing of the order.</p> <p>(d) An order passed by the National Commission is appealable before the Supreme Court within a period of 30 days of such order.</p> | |
| 11 | <p>Functions of Stock Exchange. The functions of stock exchange are:</p> <ol style="list-style-type: none"> 1. Economic barometer 2. Safety of transactions. 3. Spreading of equity cult 4. Liquidity 5. Pricing of securities 6. Contributes to economic growth 7. Providing scope for speculation 8. Better allocation of capital | 5 |
| 12 | <p>Two factors affecting the working capital requirement of Steel one Enterprises are</p> <p>(i) Credit Allowed Different firms allow different credit terms to their customers. These depend upon the level of competition that a firm faces, as well as the credit worthiness of their clientele. A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital.</p> <p>(ii) Business Cycle Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required. As against this, the requirement for working capital will be lower during the period of depression, since the sales as well as production will be less.</p> <p>Or</p> <p>(i) Two financial decisions being discussed are</p> <p>(a) Investment Decisions</p> <p>(b) Financing Decisions</p> <p>(ii) Two factors which affect capital budgeting/investment decisions and needs to be considered are</p> <p>(a) Cash Flows of the Project When a business invests huge amount of money in a certain project, then it expects regular and reasonable cash</p> | 5 |

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| <p>inflows from such an investment. Cash generated from operations are analysed in selecting the desired project.</p> <p>(b) The Rate of Return Each project is selected after comparing expected returns of different projects and the degree of risk involved in them.</p> <p>Two factors affecting financing decisions and needs to be considered are</p> <p>(a) Fixed Operating Cost If a firm is having a higher fixed operating burden like payment of interests, premiums, salaries, rent, etc, then it should avoid financing through debt. This is because it will further increase the interest payment burden and the firm can reach an unfavourable position.</p> <p>(b) Control Considerations Issue of more equity may dilute shareholder's control over the business. Therefore, a company afraid of a takeover bid may prefer debt to equity.</p> | |
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