

INDIAN SCHOOL MUSCAT
CLASS: 12
SECOND PRE – BOARD EXAMINATION
 Subject 054
BUSINESS STUDIES
SET - A

| QP.NO. | VALUE POINTS | SPLIT UP MARKS |
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| 1. | Doing the task correctly and with minimum cost is termed as efficiency in management | 1 |
| 2. | Decentralization | 1 |
| 3. | False | 1 |
| 4. | More working capital | 1 |
| 5. | Organizing | 1 |
| 6. | PAN card | 1 |
| 7. | The process which harmony is established in the organization. | 1 |
| 8. | societal | 1 |
| 9. | True | 1 |
| 10. | commercial paper | 1 |
| 11. | any consumer organization | 1 |
| 12. | Time study | 1 |
| 13. | In order to understand various interests in learning new skills. | 1 |
| 14. | The process of assigning a name or symbol to a particular product. | 1 |
| 15. | Working capital decision | 1 |
| 16. | False | 1 |
| 17. | Divisional | 1 |
| 18. | Public relation | 1 |
| 19. | Advt is paid form and publicity is unpaid form | 1 |
| 20. | It is the process of checking the accuracy of the planned activity. | 1 |
| 21. | Functional Structure:- Functional structure refers to the organization where the grouping of jobs is done on the basis of major functions of similar nature performed during the year. All separate departments report to a coordinating head. Two advantages of Functional Structure are: Specialization - Each department focuses on its own work which makes them perfect in their task. Lower cost - Minimum duplication of effort results in economies of scale. | 3 |
| 22. | Leadership style adopted by Pramod is Participative or Democratic style. In Participative or Democratic leadership style, members of the group take a more participative role in the decision-making process. This leadership style is more effective and lead to higher productivity and better contributions from group members. As group members are encouraged to share their thoughts problems are solved faster through better ideas and more creative solutions. | 3 |
| 23. | Product related factors that affect the choice of channels of distribution are: Industrial products - Short Channels | 3 |

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| | Companies selling chemicals used in industries use short channels as the numbers of buyers are not many. Perishable products - Short Channels If the product is perishable then the channel will be short. Long channel will simply perish the product. For example milk Low value products - Long Channels Low value products such as pen have longer channels because they have to reach wide spread consumers. | |
| 24. | a) Semantic barriers. (b) Badly expressed message. (c) Technical Jargon:- | 3 |
| 25. | Three important functions of Financial markets are: Mobilisation of Savings & channeling them into the most productive uses:- savings of house hold sector is used by the industrial sector through Financial markets only. Thus Financial markets act as intermediaries. Provide Liquidity to Financial assets:- Any person can easily sell Financial instruments through financial markets. Thus these markets provide liquidity to such instruments. Reduce the cost of Transactions:- Person does not have to move from one place to another for selling the financial instruments. Thus the cost for searching a buyer is reduced. | 3 |
| 26. | (a) Espirit De Corps. (b) Two features of management highlighted in the above para are:(i) Management is all pervasive:- Management is present everywhere. Activities of management are common to all the organization whether, Social or Political. Managers of India, USA or Germany use the same technique of management but the way of using the technique can be different. (ii) Management is a group activity:- An organization consist of many people. Each individual has different needs. Their purpose for joining the organization is also different. But all the persons works towards a common goal thus, management is a team work or group activity. (c) Two Values identified are:(i) Commitment. (ii) Concern for Environment | 4 |
| 27. | Manager should arrange training for the employees. It can either be on the job or off the job depending upon resources and complexity of operations involved. Benefits to employees (a) Improved skills & knowledge (b) Increase performance (c) Training makes the employee more efficient. (d) Training increases the satisfaction and morale of employees. | 4 |
| 28. | (a) Commercial paper (Bridge Financing):- Commercial paper is a short term unsecured promissory note. It is negotiable and can easily be transferable by endorsement. Only large companies who have high creditworthiness in the markets can issue Commercial paper. It usually has a maturity period of 15 days to 1 year. (b) Less than one year. (c) Commercial papers is an alternative to bank borrowing and is used to provide short term funds for seasonal and working capital needs. | 4 |

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| 29. | <p>Main five features of planning are:</p> <p>1. Planning focuses on achieving objectives:- While planning we set the specific goals. Then we take up various activities to achieve these goals. Planning does not have any meaning until and unless it contributes towards achieving of organizational goals.</p> <p>2. Planning is a primary function of management:- All other functions are based on planning only. Functions like Staffing, Directing, etc. are performed within the framework of plans drawn. Thus we can say that various functions of management are interrelated. Among all planning is the primary function.</p> <p>3. Planning is pervasive:- Planning is required at all levels and in all the departments. Planning is not an exclusive function of management or particular department. Scope of planning differs at different levels. For example: Top management plans for an organization as a whole whereas lower level plans day-to-day operations.</p> <p>4. Planning is continuous: - Plans are prepared for a specific period. This period can be Month, Quarter or a Year. New plans are developed as per new requirement. A plan is framed; it is implemented and is followed by another plan, and so on.</p> <p>5. Planning is futuristic:- Planning is futuristic as planning essentially involves looking ahead. Planning is preparing for the future. Purpose of planning is to meet future events effectively. Peeping into the future and analyzing it, predicting it is the essence of planning. Thus planning is Forward looking. For example, sales forecasting.</p> | 5 X 1 |
| 30. | <p>(a) Directing.</p> <p>(b) Motivation.</p> <p>(c) Three features of motivation are : (i) Motivation is an internal feeling: Needs of human being, which are internal, influence human behavior. For example people may have the urge to have i-phone or a farm house. These urges are internal to an individual. (ii) Motivation can be either positive or negative: Positive motivation provides positive rewards like increase in pay, promotion whereas negative motivation uses negative means like punishment, stopping increments, threatening etc. (iii) Motivation is a complex process: Individuals are heterogeneous in their expectations, perceptions and reactions. Any type of motivation may not have uniform effect on all the members</p> | 5 |
| 31. | <p>(a) Staffing and Organizing.</p> <p>(b) Two steps in staffing process and organization process are : (a) Two steps in Staffing process: (i) Estimating the Manpower Requirements:- while designing the organizational structure, we undertake an analysis of activities as well as relationship among them with a view to evolving the horizontal and vertical dimensions of the structure. Thus, various job positions are created. Clearly, performance of each job necessitates the appointment of a person with a specific set of educational qualifications, skills, prior experience and so on. (ii) Recruitment: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for</p> | 5 |

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| | <p>jobs in the organization. The information generated in the process of writing the job description and the candidate profile may be used for developing the 'situations vacant' advertisement.</p> <p>(b) Two Steps in Organizing process : (i) Identification and Division of work: The first step in the process of organizing involves identifying and dividing the work into manageable activities to get the work done in accordance with previously determined plans. By doing this, duplication can be avoided and burden of work can be shared among the employees.</p> <p>(ii) Departmentalization: - After dividing the work, those activities which are similar in nature are grouped together. This grouping process is called departmentalisation & it facilitates specialisation. Departments can be created using several criteria as a basis. Example: some of the most popularly used basis are territory and products. (Appliances, clothes, etc.)</p> | |
| 32. | <p>Foreman is the lowest ranking manager & the highest ranking worker in an organization. Entire production planning, implementation & control is pivot around foreman. Taylor Identifies a list of qualities of a good foreman and found that no single person could fit them all. He advocated separation of planning and execution functions and at At lowest level it knows as functional foremanship. He Suggest functional foremanship through eight persons who are all specialized in different qualities. Under the factory manager there was a planning in-charge and a production in-charge. Under planning in-charge four personnel namely instruction card clerk, route clerk, time and cost clerk and a disciplinarian worked. These four personnel would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively. Under Production in-charge, personnel who would work were speed boss, gang boss, repair boss, and inspector. These respectively were responsible for timely and accurate completion of job, keeping machines and tools etc., ready for operation by workers, ensure proper working condition of machines and tools and check the quality of work. Functional foremanship is an extension of the principle of division</p> | 6 |
| 33. | <p>The marketing mix is a set of four decisions which needs to be taken before launching a product. The 4 P's of marketing mix are as follows:</p> <p>(a) Product (b) Price (c) Place (d) Promotion</p> <p>The combination of variables used by Hayaram is four P's of marketing mix. (i) Product: Product decisions are the first decision need to take before any marketing plan. A product can be divided in to three parts. (a) Core Product (b) Augmented Product (c) Tertiary product In case of Hayaram we can say that there are no core product but they are augmented product as company wants to increase its sales.</p> <p>(ii) Price:- Pricing is used for sales promotions in the form</p> | 6 |

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| | <p>of discount. In above case of Hayaram , high price is charged because of good quality.</p> <p>iii) Place:- It refers to the distribution channel of a product. It's a consumer product, it needs to be available as far and wide possible. It is a FMCG company therefore company is using this place variable. Any FMCG company needs to have a full proof logistics & supply chain plans for its distribution. Therefore Hayaram established its own five grocery stores. It is offering easy credit terms to retailers so that the product is available at right place at right time</p> | |
| 34. | <p>Factors affecting dividend policy in context to the above para are :</p> <p>1. Amount of earnings:- As company is earning good profits for many years, it is in a position to declare high dividends. In the case study it said "It has been consistently earning profits for many years. This year too, it has been able to generate enough profits."</p> <p>2. Growth opportunities:- Company has good prospects for growth in the future. Thus they may want to retain profits for expansion. In the case study it said "Good prospects for growth in future."</p> <p>3. Cash flow position :- There is availability of enough cash in the company suggests that the company can declare good dividends. In the case study it said "There is availability of enough cash in the company."</p> <p>4. Shareholders preference:- Company should declare dividends as number of share holder who expect regular income from their investment are many. In the case study it said "It has many shareholders who prefer to receive a regular income from their investments."</p> <p>5. Contractual constrain: As the company has taken loan from IDBI, the bank may impose restriction on payment of dividend before the payment of loan. In the case study it said "It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement."</p> | 3 + 3 |