

CBSE BUSINESS STUDIES (Theory) (SET-1)

Suggested Test Paper Solutions : 2022-23

Time Allowed : 3 Hours

Maximum Marks : 80

Disclaimer Clause :

- These Solutions are prepared by the Expert Faculty Team of RESONANCE .
- Views and Answers provided may differ from **CBSE** due to difference in assumptions taken in support of the answers .
- In such case answers as provided by "**CBSE**" will be deemed as final .

NOTE :

- (i) Please check that this question paper
- (ii) Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- (iii) Please check that this question paper contains 34 questions.
- (iv) Please write down the serial number of the question in the answer-book before attempting it.
- (v) 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period

General Instructions :

Read the following instructions carefully and follow them :

- (i) This question paper contains **34 questions**. All questions are compulsory.
- (ii) Marks are indicated against each question.
- (iii) Answers should be brief and to the point.
- (iv) Answers to the questions carrying **3 marks** may be from **50 to 75 words**.
- (v) Answers to the questions carrying **4 marks** may be in about **150 words**.
- (vi) Answers to the questions carrying **6 marks** may be in about **200 words**.
- (vii) Attempt all parts of a question together.



BUSINESS STUDIES (Theory)

1. Akash works as a production manager in 'Elite Enterprises' manufacturing LED lights. Due to festive season, there is lot of demand for their lights. Akash was given the task of producing 100 units of LED lights @ ₹ 200 per unit within 5 days for an urgent order. Akash was able to achieve the target of 100 units of LED lights within 5 days ₹ 220 per unit.

Identify from the following whether Akash is :

- (a) Efficient only (b) Effective only
(c) Both efficient and effective (d) Neither efficient nor effective

[1 Mark]

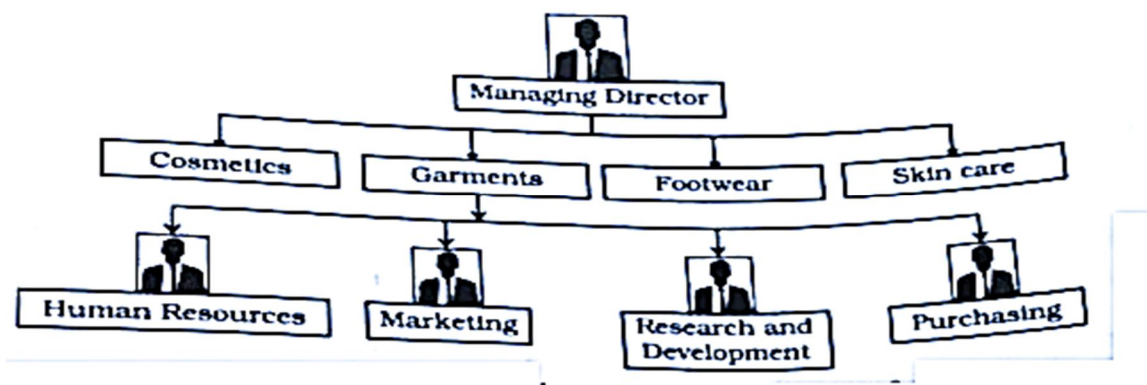
Answer : (b)

2. Which of the following items is a component of economic environment ?
- (a) Expansion of transportation and communication services in Delhi.
(b) Facility of booking train tickets, through mobile apps.
(c) Restriction on 15-years-old petrol vehicles playing on roads in Delhi
(d) The Haryana Government's announcement of free bus rides for females on the occasion of Rakshabandhan.

[1 Mark]

Answer : (a)

3.



Identify the type of organization structure depicted in the above diagram :

- (a) Divisional structure (b) Functional structure
(c) Informal structure (d) Both Informal and Functional structure

[1 Mark]

Answer : (a)





4. With a revolution taking place in the manufacturing of mobile phones with super class cameras, the business of cameras in the consumer market has taken a hit. Studies show that mobile phone photography has devastated the camera industry.

The dimension of business environment highlighted in the case is :

- (a) Economic Environment
- (b) Technological Environment
- (c) Social Environment
- (d) Political Environment

[1 Mark]

Answer : (b)

5. Which of the following features of 'Management as an Art' highlights that every manager applies his knowledge of principles in his own way to deal with a given situation ?

- (a) Ethical code of conduct
- (b) Existence of theoretical knowledge
- (c) Personalised application
- (d) Universal Validity

[1 Mark]

Answer : (c)

6. 'M/s J.K. Computers' is a small organisation engaged in assembling of computers. In this organisation, decision making rests with top management while the middle level is involved in only the implementation of plans. On the other hand, 'Progressive Computers Ltd.' is a large company where a number of people from each level are involved in the decision-making process. The application of the principle of 'Centralisation and Decentralisation' is different in the two organisations as the situation in each enterprise is not same.

From the following identify the nature of principles of management :

- | | |
|------------------------|----------------|
| (a) Mainly Behavioural | (b) Contingent |
| (c) Flexible | (d) Universal |

[1 Mark]

Answer : (b)





7. The management of a bag manufacturing company has recently changed-Due to this, an improvement can be felt in the way company functions. Now, targets are met according to plans, whereas, earlier deadlines were never given importance. Now there is orderliness, instead of chaos in the organisation and the employees are happy and satisfied.

From the following identify the characteristic of management which is highlighted in the above case :

- (a) Management is dynamic.
- (b) Management is a continuous process.
- (c) Management is a group activity.
- (d) Management is an intangible force.

[1 Mark]

Answer : (d)

8. In an organisation, coordination is the function of every manager. Top level managers need to coordinate with their subordinates to ensure that the overall plans of the organisation are duly carried out. Middle level managers coordinate with both the managers top coordinate the activities of workers managers. Supervisory level managers coordinate the activities of workers to ensure that work proceeds according to plans.

The characteristic of coordination s cussed in the above para is :

- (a) Coordination is a continuous process.
- (b) Coordination is a deliberate function.
- (c) Coordination is the responsibility of all Managers.
- (d) Coordination integrates group efforts

[1 Mark]

Answer : (c)

9. Gitanjali Malian is a successful business leader. She believes that if jobs are made interesting by including greater variety of work content and providing a meaningful work experience, the jobs themselves become a source of motivation to individuals.

The non-financial incentive that has been discussed in the above case is :

- (a) Employee participation
- (b) Job Enrichment
- (c) Career Advancement Opportunity
- (d) Job Security

[1 Mark]

Answer : (b)





- 10.** Infotech Ltd.' decided to approach 'Patel Engineering College' to recruit qualified personnel for various technical jobs in its newly opened branch in Surat.

Which source of recruitment from the following has been used by 'RP Infotech Ltd.' in the above case :

- (a) Direct Recruitment
- (b) Placement Agencies and Management Consultants
- (c) Campus Recruitment
- (d) Recommendation of employees

[1 Mark]

Answer : (c)

- 11.** 'An organization structure is deliberately designed by the top management to facilitate smooth functioning of the organisation'.

Which of the following is not a feature of such a structure ?

- (a) It clarifies who has to report to whom.
- (b) There is systematic coordination among the various activities to achieve organisational goals.
- (c) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.
- (d) It places more emphasis on work to be performed than interpersonal relationships among the employees.

[1 Mark]

Answer : (c)

- 12. Statement – I :** Capital market instruments are considered riskier both with respect to returns and principal repayment.

Statement – II : Capital market investment generally yields a higher return for investors.

Choose the correct option from the options given below :

- (a) Statement – I is true and II is false.
- (b) Statement – II is true and I is false.
- (c) Both the statements are true.
- (d) Both the statements are false.

[1 Mark]

Answer : (c)





13. Match the various items of Column - I with the respective statements in Column - II.

Column - I		Column - II	
a.	Advertising	(i)	Creates a positive image about the company and its products.
b.	Personal selling	(ii)	Paid form of impersonal communication.
c.	Public relations	(iii)	Develop Personal relationship with the prospective buyer.
	a	b	c
(a)	(ii)	(iii)	(i)
(b)	(i)	(iii)	(ii)
(c)	(iii)	(ii)	(i)
(d)	(i)	(ii)	(iii)

[1 Mark]

Answer : (a)

14. When the proportion of debt and equity is such that it results in an increase in the value of equity share the _____ is/are said to be optimal.

- (a) working capital (b) fixed capital
(c) capital structure (d) Both (a) and (b)

[1 Mark]

Answer : (c)

15. The _____ function of marketing ensures the buyers that goods conform to predetermined standards of quality and reduces the need for inspection. It also ensures that goods belong to a particular quality and helps in realising higher Prices for high quality output.

- (a) Product Designing and Development
(b) Standardisation and Grading
(c) Marketing Planning
(d) Branding

[1 Mark]

Answer : (b)

16. Which of the following statements is Not true for primary market ?

- (a) There is no fixed Geographical location.
(b) Only buying of securities takes place, securities cannot be sold there.
(c) Prices are determined by demand and supply of the security.
(d) It directly promotes capital formation.

[1 Mark]

Answer : (c)





17. In which of the following situations, a company will fix high price for its product ?
- (a) When firm's objective is to obtain larger share of the market.
 - (b) When the firm is facing difficulties in surviving in the market because of intense competition.
 - (c) When the firm wants to cover high cost of Research and Development to attain product quality leadership.
 - (d) When the firm wants to maximise its total profit in the long run.

[1 Mark]

Answer : (c)

18. Which of the following will not be considered as consumers as per Consumer Protection Act, 2019?
- (a) A person, who avails any service for a consideration which has been partly paid.
 - (b) Any user of goods if such use is made with the approval of the buyer.
 - (c) A person who purchases goods through online means.
 - (d) A person who obtains goods for resale purposes

Answer : (d)

19. As per Consumer Protection Act, 2019, 'the consumer has a right to get relief in case the product or service falls short of his expectations.'

Which consumer right is discussed in the above statement ?

- | | |
|-----------------------------|-------------------------|
| (a) Right to be heard | (b) Right to be assured |
| (c) Right to seek redressal | (d) Right to safety |

[1 Mark]

Answer : (c)

20. Which of the following is not a function of Securities and Exchange Board of India (SEBI) ?
- (a) Training of intermediaries of the securities market
 - (b) Controlling insider trading
 - (c) Registration of brokers and sub-brokers and other players in the market
 - (d) Pricing of securities

[1 Mark]

Answer : (d)



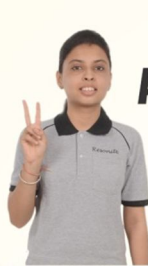


ALL INDIA TOPPERS in CS FOUNDATION



**1
AIR**

YOGITA DASWANI
RRN : 18811204 | JUNE-2019



**1
AIR**

MAHIMA SANCHETI
RRN : 17813794 | JUNE-2018



**1
AIR**

QASIM SAIF
RRN : 17813486 | DEC.-2017



**2
AIR**

YUKTI JAIN
RRN : 18810935 | DEC.-2018



**2
AIR**

KHUSHI KHURANA
RRN : 17813470 | DEC.-2017

CS FOUNDATION AIR

Resonance® **जैसा कोई नहीं!**



**3
AIR**

SHRUTI NAGAR
RRN. 19813148
CLASS ROOM



**4
AIR**

ASHITA GOYAL
RRN. 18811006
CLASS ROOM



**5
AIR**

ASHITA GOYAL
RRN. 18811006
CLASS ROOM



**7
AIR**

SHIWANI SHARMA
RRN. 17813501
CLASS ROOM



**8
AIR**

SIMRAN RANKA
RRN. 17813436
CLASS ROOM



**9
AIR**

MONIKA MEENA
RRN. 16800376
CLASS ROOM



**9
AIR**

SHIVANGI SHARMA
RRN. 14801121
CLASS ROOM



**10
AIR**

DEEPAKSHI SUKHWANI
RRN. 14800176
CLASS ROOM



**11
AIR**

SHWETA PATIDAR
RRN. 18811013
CLASS ROOM



**11
AIR**

ADITI JAIN
RRN. 17813502
CLASS ROOM



**11
AIR**

NIKHIL CHHABRA
RRN. 17813449
CLASS ROOM



**11
AIR**

SONALI AHUJA
RRN. 14800560
CLASS ROOM



**12
AIR**

SHALU YADAV
RRN. 16804034
CLASS ROOM



**12
AIR**

DEEPAKSHI SUKHWANI
RRN. 16800241
CLASS ROOM



**12
AIR**

NEHA AGARWAL
RRN. 12811183
CLASS ROOM



**13
AIR**

SHRUTI PANDYA
RRN. 18811022
CLASS ROOM



**13
AIR**

JYOTIKA BHOJWANI
RRN. 17813507
CLASS ROOM



**13
AIR**

ROSHNI PANCHAL
RRN. 16804400
CLASS ROOM



**13
AIR**

RIDDHI OJHA
RRN. 16800505
CLASS ROOM



**13
AIR**

NAVNEET KAUR MAINEE
RRN. 15800548
CLASS ROOM



**14
AIR**

VAISHALI BHARWANI
RRN. 17813525
CLASS ROOM



**14
AIR**

RAKSHA KALYANI
RRN. 16804061
CLASS ROOM



**15
AIR**

MIHIR KHANDEWAL
RRN. 17813460
CLASS ROOM



**15
AIR**

SONALI LAKHWANI
RRN. 16802770
CLASS ROOM



**16
AIR**

ANISHI DAMMANI
RRN. 18811029
CLASS ROOM



**16
AIR**

MANSEE ARAN
RRN. 17813522
CLASS ROOM



**16
AIR**

NEHA MANGAL
RRN. 17813549
CLASS ROOM



**17
AIR**

VAISHNAVI NANA
RRN. 18812108
CLASS ROOM



**17
AIR**

NIMIT SHAH
RRN. 18811181
CLASS ROOM



**17
AIR**

MUSKAN JAIN
RRN. 16804619
CLASS ROOM



**17
AIR**

RISHITA SONI
RRN. 16804033
CLASS ROOM



**18
AIR**

AAYUSH KAMEDIYA
RRN. 17813356
CLASS ROOM



**18
AIR**

SWATI GOYAL
RRN. 16800035
CLASS ROOM



**18
AIR**

GARIMA PIPLANI
RRN. 14890176
CLASS ROOM



**18
AIR**

NARESH KR GURJAR
RRN. 14800338
CLASS ROOM



**19
AIR**

MAHAK JAIN
RRN. 18810928
CLASS ROOM



**19
AIR**

ADITY GARG
RRN. 17814061
CLASS ROOM



**19
AIR**

SHIWANI JAIN
RRN. 17813476
CLASS ROOM



**19
AIR**

SIDDHI OJHA
RRN. 16800506
CLASS ROOM



**19
AIR**

DHAIRYA KABRA
RRN. 13801107
CLASS ROOM



**20
AIR**

AISHWARYA CHAUHAN
RRN. 17813546
CLASS ROOM



**20
AIR**

SUMIT PATEL
RRN. 17813531
CLASS ROOM



**21
AIR**

RIYA GUJRAL
RRN. 18810988
CLASS ROOM



**21
AIR**

SAKSHI YADAV
RRN. 17813778
CLASS ROOM



**21
AIR**

KRATIKA MODI
RRN. 14800325
CLASS ROOM



**21
AIR**

MANISH PARETA
RRN. 13800566
CLASS ROOM



**22
AIR**

BHAVIKA SANJEEV MUNDRA
RRN. 18811176
CLASS ROOM



**22
AIR**

PRAGYA SAXENA
RRN. 17811044
CLASS ROOM



**22
AIR**

AISHWARYA VIJAYVERGIA
RRN. 16800155
CLASS ROOM



**23
AIR**

SUHANU AGRAWAL
RRN. 18810878
CLASS ROOM



**23
AIR**

AYSHA
RRN. 17810017
CLASS ROOM



**23
AIR**

MADHURI GUPTA
RRN. 17813514
CLASS ROOM



**23
AIR**

SADGEE TAYAL
RRN. 17813520
CLASS ROOM



**23
AIR**

KAVITA MEENA
RRN. 16801368
CLASS ROOM



**23
AIR**

AYUSHI JAIN
RRN. 16802126
CLASS ROOM



**24
AIR**

ANUSHKA MISHRA
RRN. 18811095
CLASS ROOM



**24
AIR**

ANUSHKA MANGLANI
RRN. 18811095
CLASS ROOM



**24
AIR**

SNEHA GARG
RRN. 18810922
CLASS ROOM



**24
AIR**

SUHANU JAIN
RRN. 17810726
CLASS ROOM



**25
AIR**

SANSKRATI AGRAWAL
RRN. 18811053
CLASS ROOM



**25
AIR**

PRIYA DHOLANI
RRN. 16800277
CLASS ROOM



**25
AIR**

ARTI AGRAWAL
RRN. 15890167
CLASS ROOM



**25
AIR**

SHUBHAM GUPTA
RRN. 15801117
CLASS ROOM

CLPD HEAD OFFICE KOTA

J-2, Jawahar Nagar Main Road, Kota (Raj.) 324005 | Tel. No.: 0744-6635570, 9829218912, 9829218012 | e-mail: clpd@resonance.ac.in

Toll Free: 1800 258 5555 | To know more: sms RESO at 56677 | Website: www.resonance.ac.in | Email: contact@resonance.ac.in





- 21.** The students of Class XII of 'NK Senior Secondary School' visited the factory of 'Jaipur Exports Private Limited': A company manufacturing readymade garments. They observed that different workers were allocated different tasks like cutting the fabric as per specification, stitching dresses, putting buttons, ironing the finished dresses, packing them and putting labels. The Chief Executive Officer told the students that this results in efficient and effective output. They also observed orderliness in the factory as there was a fixed place for everything and it was present there. The students later discussed with their Business Studies teacher and understood that principles of management given by Fayol were being followed in the factory. Identify and explain the two principles of management that have been discussed in the above case.

[3 Mark]

Answer : The two principle of management have been discussed in the above case are :

Principle of Division of Work : According to this principle the whole work must be divided into small tasks or units and instead of assigning the whole work to one person one task or unit of work should be assigned to one person according to the capability, qualification and experience of the person. When a person is performing a part of job again and again he will become perfect and specialized in doing that and the efficiency level will improve.

Principle of order : In this principle order does not mean command but it refers to orderly arrangement of men and material that is a fixed place for everything and everyone in the organisation. Fayol insists that there must be a fixed place to keep every material and thing used in the organisation and fixed place or seat or cabin for every employee of the organisation so that no time and energy is wasted in search of any material or any person.

- 22.** Keshav Bannerjee is the Chief Executive Officer (CEO) of 'Das Networking Ltd.'. a leading IT company good care of the employees are taken care of, the employees take good care of the customers. In this company various benefits are provided to the employees to help them meet their medical and housing needs etc.. while in job. It is to help the time of their retirement. The also providing benefits like gratuity at the time of their retirement. The employees are provided various opportunities to attend skill development programmes to improve their skills and be promoted to the higher jobs. Identify and state the three incentives offered by the company in the above para to improve the performance of its employees.

[3 Mark]





Answer : In the above case both types of financial and non-financial three incentives offered by the company :

Three Incentives are :

(i) Financial Incentives –

- (a) Perquisites :** Perquisites, simply called perks, are offered in various forms are employees medical and housing needs etc while in the job.
- (b) Retirement Benefits :** Retirement benefits are in the form of gratuity, etc. These benefits are available to employees after their retirement

(ii) Non Financial Incentives

Career Advancement : A person does not simply join an organisation for a job but for his career. An organisation may motivate its employees by providing them career advancement opportunity and developing them to progress on their career paths.

23. (a) Explain 'Vestibule Training' as a method of training.

Answer : (a)

Vestibule Training : Vestibule Training means training on duplicate model of organisation. Generally when the 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

OR

23. (b) Explain any three benefits of training to the employees.

[3 Mark]

Answer : (b)

- (i) Career Growth :** Training helps employees to advance in their careers as it provides new, improved and advance knowledge and skills.
- (ii) Increased earnings :** Training helps to improve the performance and productivity of workers. Because of this, the workers can earn higher wages and bonus.
- (iii) Safety of employees :** Trainings helps employees to be more efficient to handle machines and materials. This reduces the risks of accidents.





24. (a) State any three points of importance of Financial Planning.

[3 Mark]

Answer : Importance of financial planning are :

(a) **company to prepare for the future :**

It forecasts what may happen in future under different business situations. For example, a growth of 10% in sales is predicated. However, if any happen that the growth rate eventually turns out to be 5% or 15%. The amount of expenses and revenues will be different in these three situations. By preparing a blueprint of these three situations, the management may decide what must be done in each of these situations.

(b) **It Helps in avoiding Business Shock and Surprises :**

By anticipating the financial requirements financial planning helps to avoid shock or surprise which otherwise firms have to face in uncertain situations.

(c) **Helps in Coordination :**

It helps in achieving coordination between various functions by providing clear policies and procedures.

Or

24. (b) State any three factors that determine the requirement of fixed capital of a company.

[3 Mark]

Answer :

Factors Affecting Requirement of Fixed Capital :

(i) **Nature of Business :**

The type of business has a bearing upon the fixed capital requirements. For example, a trading concern needs lower investment in fixed assets compared with a manufacturing organisation, since it does not require to purchase plant and machinery, etc.

(ii) **Scale of Operation :**

The companies which are operating at large scale require more fixed capital as they need more machineries and other assets whereas small scale enterprises need less amount of fixed capital.

(iii) **Choice of Technique :**

Some organisations are capital intensive whereas others are labour intensive. A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour. The requirement of fixed capital for such





organisation would be higher. Labour intensive organisations on the other hand require less investment in fixed assets. Hence, their fixed capital requirement is lower.

25. (a) **State any first four steps involved in the process of choosing the best candidate out of a number of prospective candidates for a job.** [4 Marks]

Answer :

The first four steps involved in the process of choosing the best candidate out of a number of prospective candidates for a job are as following :

(i) **Preliminary Screening :** The candidates whose applications are selected are called for preliminary interview which is conducted by any of the personnel managers. No professional experts or specialised people are invited to take interview. Very general and basic questions related to job or status of person are questioned. The preliminary interview is conducted to check the confidence level of the candidate eliminate unqualified or unfit job seekers.

(ii) **Selection Test :** The organisations prefer to conduct written test to find out the practical knowledge of the candidate. The type of test to be conducted depends on the requirement of the organisation. Known as own tailor-made test.

The common types of tests conducted by the organisations are :

(a) **Intelligence Test :** Is conducted to check the efficiency level and intelligence level of the candidates.

(b) **Aptitude Test :** Is conducted to find out the potential of learning new skills, new methods and new job.

(c) **Personality Test :** Is conducted to find out the human behaviour of candidate, approach, attitude, interest etc.

(d) **Trade Test :** Is conducted to check the basic knowledge and skill of a candidate related to job.

(e) **Interest Test :** Is conducted to find out the type of job in which candidate has more interest.

(iii) **Employment Interview :** The candidates who qualify the test are called for interviews. To conduct the final interview a panel of experts is called consultants who are specialised in their fields ask questions from the candidates to test his professional or specialised knowledge related to the job. Interview gives chance to candidate also to clarify their queries regarding salary, working conditions, posting etc.





- (iv) **References and Background checks** : This information relates to the character, social relations, background, etc. of the candidate. To obtain this information the employer may also contact friends of the candidate, his past and present employers.

Or

25. (b) **State any four benefits of using internal sources of recruitment.**

[4 Marks]

Answer :

- (a) **Economical** : Filling the job internally is cheaper as compared to getting candidates from external sources as it does not involve any expense in the form of advertising for vacancies, recruiting etc.
- (b) **Source of Motivation** : The employees are motivated to do their jobs well so as to earn the desire promotion. Since the opportunity of promotion is implicit in internal recruitment, internal recruitment acts as a source of motivation for employees to improve their career and income levels.
- (c) **Promotes loyalty** : it promotes loyalty among the existing employees since it gives them a sense of job security and opportunity for better prospects.
- (d) **Minimizes Training Needs** : It minimizes training needs because they are aware of the major goals, policies, procedures and functions of the organisation.

26. (a) Explain any two points highlighting the importance of 'controlling' function of management.

[4 Marks]

Answer :

The two points highlighting the importance of 'controlling' function of management are mention below :

- (i) **Accomplishing organisational goals :**

When the plans are made in the organisation these are directed towards achievement of organisational goal and the controlling function ensures that all the activities in the organisation take place according to plan and if there is any deviation, timely action is taken to bring back the activities on the path of planning. When all the activities are going according to plan then automatically these will direct towards achievement of organisational goal.





(ii) Judging accuracy of standards :

In controlling, actual performance is compared with standards set in this respect. To what extent these standards are accurate or inaccurate is indicated by controlling. For example, if a standard is not achieved even by putting the best possible efforts, it indicates inaccuracy in standard. Reverse of this is also true.

OR

26. (b) Explain any two points describing the relationship between 'planning' and 'controlling'.

[4 Mark]

Answer :

The relationship between planning and control can be divided into the following two parts:

(i) Interdependence between Planning and Controlling :

Planning and Controlling are inseparable twins of management.

- Controlling is blind with planning : Controlling involves comparison of actual performance with certain standards which are provided by planning. So, when there is no plan (i.e., the standards are not set in advance), managers have no basis for controlling.
- Planning without controlling is meaningless : As plans are not made only on papers but these have to be followed and implemented in the organisation. The controlling function makes sure that everyone follows the plan strictly. Continuous monitoring and check in controlling function make it possible that everyone follows the plan.

So both the functions are interlinked and interdependent as for successful execution of both the function planning and controlling must support each other.

(ii) Both are backward looking as well as forward looking :

Backward looking

- Controlling : As like a postmortem of past activities the manager looks back to previous year's performance to find out its deviation from standard.
- Planning : As planning is guided by past experience and feed-back report of controlling function.

Forward looking :

- Planning : As plans are prepared for future. It involves looking in advance and making policy for maximum utilisation of resources in future.





- **Controlling** : As it involves finding the reasons for deviations and suggests the measures so that these deviations do not occur in future.

So, this statement that planning is forward looking and controlling is backward is only partially correct as planning and controlling are both forward looking as well as backward looking.

27. Balvinder is the Production Manager of 'Pramod Tea Company' in Guwahati. He gives orders to his subordinates and expects that they obey those orders. He does not consult them nor encourage them to participate in decision making.

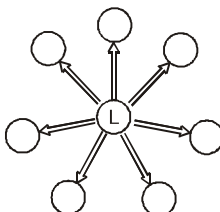
- Identify and state the leadership style adopted by Balvinder.
- When can this style be effectively used by a manager ? State.

[4 Mark]

Answer : (i) In the above case Balvinder adopted autocratic leadership style :

1. Autocratic / Authoritative Leadership Style :

An autocratic leader exercise complete control over the subordinates. He centralizes power in himself and takes all decisions without consulting the subordinates. He does not delegate authority. The leader gives order and expects the subordinates to follow them unquestioningly. He gives reward and puts penalty to direct the subordinate. This style is also known as the Leader – Centred Style



Now a days this style is less desirable as employees are becoming more educated and well-organised.

27. (ii) When can this style be effectively used by a manager ? State.

Answer : This style be effectively used by a manager when he / she is responsible for production on time and has to ensure labour productivity. Also he or she will be able to react to the situation promptly compare to other leadership styles, because of streamlined organisational structure and quick decision making ability.

28. Identify the financial decision that is concerned with deciding how much of the profit earned by a company is to be distributed to shareholders and how much should be retained in the business. Also state any three factors affecting the identified decision.

[4 Mark]





Answer :

In the given case dividend decision is concern with deciding how much of the profit earned by a company it is to be distributed to shareholders and how much should be retained in the business.

“Dividend decision relates to how much of the company’s after-tax profit is to be distributed to the shareholders and how much of it should be retained in the business for meeting the investment requirements”.

Dividend decision should be taken keeping in view the objective of maximizing shareholders wealth.

Factors Affecting Dividend Decision

The finance manager analyses following factors before dividing the net earnings between dividend and retained earnings :

1. Amount of earning :

Earning is the major determinant of dividend decision. Dividends are paid out of current and previous year’s earnings. If there are more earnings then company declares high rate of dividend whereas during low earning period the rate of dividend is also low.

2. Stability of Earnings :

Companies having stable or smooth earnings prefer to give high rate of dividend whereas companies with unstable earnings prefer to give low rate of dividend.

3. Cash Flow Position :

Dividends involve outflow of cash. So, sometime it is possible that P & L a/c show high profit but the company falls short of cash. Company declare high rate only when they have surplus cash and vice-versa.

- 29.** Zenith mall' is a famous shopping mall in Mumbai, owned by Pinnacle Group. It is very popular for its international and national brands of fashionable clothes, restaurants cinema halls and food courts.

The management of Pinnacle Group has decided to open a new branch of the mall in Pune. This decision was very crucial for the management as it involves huge amounts.

(i) Identify and state the financial decision involved in the above case.

(ii) State any two factors affecting the decision identified in (i) above.

[4 Mark]

Answer : (i)

The management of Pinnacle Group has decided to open a new branch of the mall in Pune. In this Investment decision was very crucial for the management as it involves huge amounts So pinnacle group will take investment decision





“An Investment decision involves deciding how funds should be invested in different assets of the business so that the funds give optimum returns”.

Investment decision can be long term or short term.

Long term Investment Decision : “This is referred to as capital budgeting decision”. It relates to the investment in long term assets/projects. For example (i) land, building, plant & machinery etc. (ii) opening new branch (iii) launching a new product line etc.

Short term Investment Decisions : "This is referred to as working capital decision."

It is concerned with the decisions about the level of cash, inventories and debtors.

29. (ii) State any two factors affecting the decision identified in (i) above.

Answer :

Two factors affecting the decision are :

A company always has number of investment proposals. So company must evaluate and compare all the proposals keeping in mind certain factors and select the most appropriate proposals or investment plan.

The finance manager keeps in mind following considerations or factors before selecting the most suitable investment proposal.

1. Cash flow of the projects :

When company invests huge amount of funds in some project, it expects regular amount of cash inflow from that project. The investment proposal which brings big amount of cash but after a long time, is rejected for the investment proposal bringing nominal amount of cash regularly in short interval of time.

2. Rate of return :

The company compares the return from different investment proposals if there are two investment proposals A and B bringing 12% return and 10% respectively, the definitely company will prefer project.

30. Rajneesh purchased a 500 ml bottle of fruit juice for ₹ 60 in Ahmedabad from a local store. While consuming it, he found an insect floating in it. He sent a legal notice to the company immediately and decided to approach a Consumer Dispute Redressal Agency for a relief of ₹ 2 lakh.

(i) Which Consumer Dispute Redressal Agency did Rajneesh approach, out of the three-tier machinery set up under Consumer Protection Act, 2019 for redressal ?





Answer : (i) Rajneesh should approach to district forum.

District Forum :

According to given case study Rajneesh complaint for a relief of ₹ 2 lakh. The complaints for goods or services worth Rs.20 lakhs or less can be filled in the district forum. The agency sends the goods for testing in laboratory if required and gives decisions on the basis of facts and laboratory report.

30. (ii) If Rajneesh is not satisfied by the order of the above Agency, where can he appeal against such order and within how many days ?

Answer : If Rajneesh, the aggrieved party is not satisfied by the jurisdiction of the district forum then they can file an appeal against the judgement in State Commission within 30 days by depositing 25,000 or 50% of the penalty amount whichever is less.

30. (iii) State any two reliefs that can be granted to Rajneesh in the above case.

[4 Marks]

Answer : (iii)

Two reliefs that can be granted to Rajneesh in the above case.

- (a) To pay compensation to the consumer for any loss or injury suffered by the consumer due to the negligence of the opposite party.
- (b) Not to offer the hazardous or unsafe goods for sale.

31. (a) Explain any three points that highlight the importance of 'Management'.

Answer :

Importance of 'Managements are as follows :

- (i) Management Helps in Achieving Group Goals :
Management is required Not for Itself , but for Achieving the Goals of the Organization. The Task of a Manager is to give a Common Direction to the Individual Effort in achieving the Overall Goal of the Organization .
- (ii) Management Increases Efficiency :
The Aim of a Manager is to Reduce Costs and Increase Productivity through Better Planning, Organizing, Directing , Staffing and Controlling the Activities of the Organization.
- (iii) Management Creates a Dynamic Organization :
All Organizations have to Function in an Environment which is Constantly Changing . It is generally seen that Individuals in an Organization resist change as





it often means moving from a Familiar , Secure Environment into a Newer and More Challenging One . Management helps People adapt to these changes, so that the Organization is able to Maintain its Competitive Edge .

OR

31. (b) Explain the following techniques of scientific management :

(i) Differential Piece wage system

Answer : (i)

The Scientific technique of differential piece rate system emphasizes on paying different rate of wage for efficient and inefficient employees. The technique of differential wage rate system insists on :

- (a) Paying different rate of wage to efficient and inefficient employees.
- (b) Extra wages paid to efficient employees will motivate them to remain efficient.
- (c) Extra wages paid to efficient employees will motivate inefficient employees to come in the category of efficient employees.
- (d) When payment is given according to no. of units produced automatically the production will be maximised.

To conduct or adopt differential wage system Taylor suggested that the company must fix a standard rate of wage for workers producing standard output or their target. The workers who produce more than the standard-target must be paid with a higher rate of wage and those who are producing less than standard output must be paid with a rate less than standard rate.

31. (b) (ii) Time Study

Answer : (ii)

The technique of time study is conducted to determine or the objectives of time study are :

- (a) The standard time required to perform a job.
- (b) Setting up the standard target for workers.
- (c) Determining the number of workers required to perform a job.
- (d) Categorizing the workers in efficient and inefficient categories.

Taylor suggested that the time required to perform the job should not be decided by intuition, will and wish of manager, but Time Study must be conducted to determine the standard time scientifically. To conduct Time Study Taylor suggested to observe an average worker when he is performing the job with a stop watch in hand and note down the average





time taken by the worker in completion of job. Taylor suggested to repeat the same observations for 100 times and then taken out the average time. This time should be considered the average time for performance of the job. Keeping this time in mind the targets for workers should be fixed and the workers who are able to achieve their targets in standard time are average workers. If the worker is able to achieve target before standard time then he is an efficient worker and if the worker failed to achieve target in standard time then he is an inefficient worker.

31. (b) (iii) Method Study

Answer :

The method study technique of scientific management is conducted to find out the one best method or way of performing the job which keeps production cost minimum and makes maximum use of resources of the organisation.

Taylor suggested that method of production should not be decided by rule of thumb method but all the methods must be tried in the organisation and the one which brings maximum benefits with minimum cost must be selected.

For example, for production of shoes there can be labour intensive method and machine intensive method. To find out which is best management must evaluate the cost of production with both the methods and compare both the methods with the available resources of the company. The method which involves minimum cost and exploits maximum resources must be selected as the best method of production.

[6 Marks]

32. (a) Planning is important as it provides directions for action, reduces the risks of uncertainty and facilitates decision making. Explain

Answer :

- 1. Planning Provides Direction :** By starting in Advance, How Work is to be done , Planning provides Direction for Action . Planning ensures that the Goals or Objectives are Clearly Stated so that they act a Guide for Deciding , What Action Should be Taken and In Which Direction . It Goals are Well Defined , Employees are Aware of What the Organization has to Do and What they must Do to Achieve those Goals . Departments and Individuals in the Organization are able to Work in Co-ordination. If there was NO Planning , Employees would be Working in Different Directions and the Organization would NOT be able to Achieve its Desired Goals .





2. Planning Reduces the Risk of Uncertainties : Planning is an Activity which enables a Manager to look Ahead and Anticipate Changes . By Deciding in Advance the Tasks to be Performed , Planning shows the Way to Deal with Changes and Uncertain Events . Changes or Events Cannot be Eliminated , but they can be Anticipated and Managerial Responses to these can be Developed .
3. Planning Facilitates Decision Making : Planning Helps the Manager to look into the Future and Make a Choice amongst Various Alternative Courses of Action . The Manager has to Enhance each Alternative and Select the Most Visible Proposition . Planning Involves Setting Targets and Predicting Future Conditions , thus Helping in taking Rational Decisions .

OR

32. (b) Delegation of authority 'Develops employees', Motivates them' and 'Facilitates growth.' Explain how.

[6 Marks]

Answer :

Importance of Delegation are Mention below :

1. Employees Development :

As a result of delegation employees get more opportunities to utilise their talents. It allows them to develop those skills which help them to perform complex task. Delegation help in making better future managers by giving them chance to use their skills, gain experience of work related to higher job position.

2. Motivation of employees :

In the delegation when the manager is sharing his responsibilities and authority with the subordinates it motivates the subordinates as they develop the feeling of belongingness and trust which is shown to them by their superiors. Some employees can be motivated by such kind of non-financial incentives.

3. Facilitation of growth :

In the process of delegation when the managers are passing their responsibility and authority to the subordinates they keep in mind the qualification and capability of all the subordinates. This leads to division of work and specialisation which is very important for organisational growth.





33. 'Maharana' is a famous take-away food outlet in Meerut. It is quite popular among local people and travellers on the national highway.

It offers a wide variety of 'paranthas' and 'sandwiches' packed in special containers which are designed and developed by them to keep the food hot and fresh.

Considering the tough competition in the nearby area, the prices have been set reasonably low.

The owner Nirmal Singh spends huge sums of money to put large hoardings and kiosks in the vicinity, to inform the people about the outlet's location and the special items on its menu.

The firm is performing various marketing functions to achieve its marketing objectives.

On the basis of the information given in the above case identify and explain any three marketing functions.

[6 Marks]

Answer :

- (i) In the following case firm offers a wide variety of 'paranthas' and 'sandwiches' packed in special containers which are designed and developed by them to keep the food hot and fresh so first marketing function will be Product Designing and Development.

Product Designing and Development :

Another important function of marketing involves product designing and development. Product designing includes decision related to the quality standards to be used for shape or design of the product, packing, etc. in order to make the product attractive to the target customers and better than the competitor's product. For example, product designing for a color television includes shape, size, quality standard, technology etc.

- (ii) Nirmal Singh should considering the tough competition in the nearby area, the prices have been set reasonably low.

Pricing of Products :

The amount of money which a customer is required to pay for purchasing the product is known as product price. Pricing has a great effect on the demand for a product. A little variation in price may increase the demand for competitor's product. Thus, while determining the price for a product, various factors like, types of customers, their income, firm's objective, product demand, competitor's policy etc. should be considered.

- (iii) Nirmal Singh spends huge sums of money to put large hoardings and kiosks in the vicinity, to conduct promotion to inform the people about the outlet's location and the special items on its menu so Nirmal singh have to conduct promotion.





Promotion :

Promotion of product and services refers to providing information to the customers about the firm's products, their features, uses, prices etc. persuading them to buy these products. Advertising, Personal selling, Publicity and Sales Promotion are the main tools of promotion. A marketer has to decide about the promotion budget, promotion mix (i.e. combination of promotion tools) etc.

- 34.** The Government of India in its budget for the financial year of 2021-22 reiterated its support for Electric Vehicle sector. The Government launched several schemes and incentives to boost their demand as well as to motivate manufacturers to invest in the same. Inspired by these incentives and concerned about the environmental impact of gas and diesel-powered engines, Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He set a target of earning Return On Investment of 10% in the first year itself and forecasted that the demand for electric cars will increase by 20 million in the next few years.

The above case highlights the first two steps of the process of one of the important functions of management.

- (a) Identify the function of management discussed above.**

Answer :

Planning is the function of management discussed above

Planning Means Planning is Deciding in Advance, "What to do" and "How to do it". It is one of the Basic Managerial Function. Before doing something, the Manager must Formulate an Idea of, How to Work on a Particular Task.

Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He have to conduct planning process.

Planning process :

- (i) Setting Organizational Objectives :**

The First and Foremost Step in the Planning Process is Setting Organizational Objectives or Goals, which Specify what the Organization wants to Achieve in this case he has to conduct planning process by setting a target of earning Return On Investment of 10% in the first year.

- (ii) Developing Planning Premises :** In the above case Nitin Khotari forecasted that the demand for electric cars will increase by 20 million in the next few years which means he develop planning premises. Planning is concerned with Future, which is Uncertain. Therefore, the Manager is required to make certain Assumptions about the Future. These Assumptions are called Premises. Assumptions are made in the form of Forecasts about the Demand for a Particular Product, Government Policy, Interest Rates, Tax Rates etc.





34. (b) State the remaining steps required to complete the above process.

Answer :

[6 Marks]

- Identifying Alternative Courses of Action : Once Objectives are Set and Assumptions are made , then the Next Step is to Identify all Possible Alternative Courses of Action .
- Evaluating Alternative Course : The Positive and Negative Aspects of each Proposal need to be Evaluated in the Light of the Objectives to be Achieved , its Feasibility and Consequences .
- Selecting an Alternative : This is the Real Point of Decision Making . The Best / Ideal Plan has to be Adopted, which is Most Feasible , Profitable and with Least Negative Consequences .
- Implementing the Plan : This is the Step where Other Managerial Functions also come into the Picture . This Step is Concerned with Putting the Plan into Action. i.e. Doing what is Required. It involves Organizing the Various Resources (Money , Machines etc.) and Securing Co-operation, Participation and Commitment of the Members of the Organization .
- Follow - Up Action : To See whether Plans are being Implemented and Activities are Performed according to the Schedule is also a part of the Planning Process. Monitoring the Plans is Equally Important to Ensure that the Objectives are Achieved.





SUCCESS AT B.COM I YEAR 2019

OUR TOP PERFORMER

Resonance® **जैसा कोई नहीं !**

76% I
Year



DIKSHA YADAV
RRN.: 18812867
Classroom



**RESONANCE
SUCCESS RATIO
IN B.COM 2019**

B.COM I YEAR

72.22%

ADMISSION OPEN

TOP STUDENTS SECURED MORE THAN 65% MARKS

71.83%



MAHIMA SHARMA
RRN.: 18890149
CLASSROOM

70.83%



VAISHNAVI NAMA
RRN.: 18890136
CLASSROOM

70.50%



RIDHI RANKA
RRN.: 18812880
CLASSROOM

68.17%



JASMINE KAUR
RRN.: 18890193
CLASSROOM

67.83%



MUSKAN SHER BELIM
RRN.: 18890194
CLASSROOM

67.50%



DEVANG GOYAL
RRN.: 18890145
CLASSROOM

66.50%



SIDDHARTH JAIN
RRN.: 17800186
CLASSROOM

65.83%



KANAN JAIN
RRN.: 18890176
CLASSROOM

65.17%



HARSHITA HOTWANI
RRN.: 18890133
CLASSROOM

J-2, Jawahar Nagar Main Road, Kota (Raj.) 324005 | Tel. No.: 0744-6635570, 9829218912, 9829218012 | e-mail: clpd@resonance.ac.in

**Analysis & Solution Available on
YouTube channel Resonance CLPD**

