

केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली
सीनियर स्कूल सर्टिफिकेट परीक्षा (कक्षा बारहवीं)
परीक्षार्थी प्रवेश-पत्र के अनुसार भरें

विषय Subject: Business Studies

परीक्षा का दिन एवं तिथि
Day & Date of the Examination: Wednesday, 06.03.2013

उत्तर देने का माध्यम
Medium of answering the paper: English

पत्र के ऊपर लिखे कोड को दर्शाए
Write Code No. as written on the
top of Question Paper: 66/1/3

अतिरिक्त उत्तर-पुस्तिका (अ) की संख्या
No. of Supplementary answer-book(s) used: 2

किसी शारीरिक अक्षमता के प्रभावित हो तो संबंधित वर्ग में ✓ का चिह्न लगाए।
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B = दृष्टिहीन, D = मूक एवं बधिर, H = शारीरिक रूप से विकलांग, S = स्फस्टिक, C = डिस्लेक्सिक
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एक खाने में एक अक्षर लिखें। नाम के प्रत्येक भाग के बीच एक खाना रिक्त छोड़ दें। यदि परीक्षार्थी का नाम 24 अक्षरों से अधिक है, तो केवल नाम के प्रथम 24 अक्षर ही लिखें।
Each letter be written in one box and one box be left blank between each part of the name. In case Candidate's Name exceeds 24 letters, write first 24 letters.

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केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली
Central Board of Secondary Education, Delhi

सीनियर स्कूल सर्टिफिकेट परीक्षा (कक्षा बारहवीं)
SENIOR SCHOOL CERTIFICATE EXAMINATION (CLASS XII)



प्रमाणित किया जाता है मैंने/हमने इस उत्तर पुस्तिका का मूल्यांकन प्रश्न पत्र के समुचित सेट के अनुसार और पूर्ण रूप से मूल्यांकन पद्धति के अनुसार किया है।
Certified that I/We have evaluated this answer-book according to the correct set of question paper and strictly as per the marking scheme.

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Ans. 1 Secondary Market is also known as Stock Exchange. It provides a platform for buying and selling of existing securities.

It is a body of individuals whether incorporated or not constituted for the purpose of assisting, regulating or controlling buying and selling or dealing in securities.

Ans. 2 The 'allocative function' helps in ~~existing~~ the most productive utilization of the scarce resources by mobilising ~~existing~~ and allocating into the most productive uses.

Ans. 3 Marketing is known as a social process because it deals in human element by satisfying the needs of the people. It is identifying the need and filling it.

Ans 4

Basis	Selling concept	Marketing concept
Main focus	It focuses on existing product	It focuses on satisfaction of the needs of the people

Ans 5 Under State Commission, the representative of the deceased file a complaint when compensation claim is 25 lakhs.

Ans 6 Under "Right to Safety" the rights of Pragnya can get protected.

Ans 7 Recruitment is the process of stimulating the prospective candidates to apply for the job. It is known as a positive process since it invites people.

Ans. 8 Motivation is known as a complex process because it is heterogeneous in nature. Same motivation technique cannot be applied to motivate people with different needs.

Ans. 9 The flow of directing is Top to Bottom. This means it ~~to~~ ~~is~~ takes place at top level.

Ans. 10 Due to and prompt attention should be given to those areas. Reasons of deviation should be analysed, ~~and~~ Necessary steps like modification of standards, increasing workforce, should be taken.

Ans. 11 Growth Prospects

If there is growth avenues for an organisation then its working capital requirement would be more.

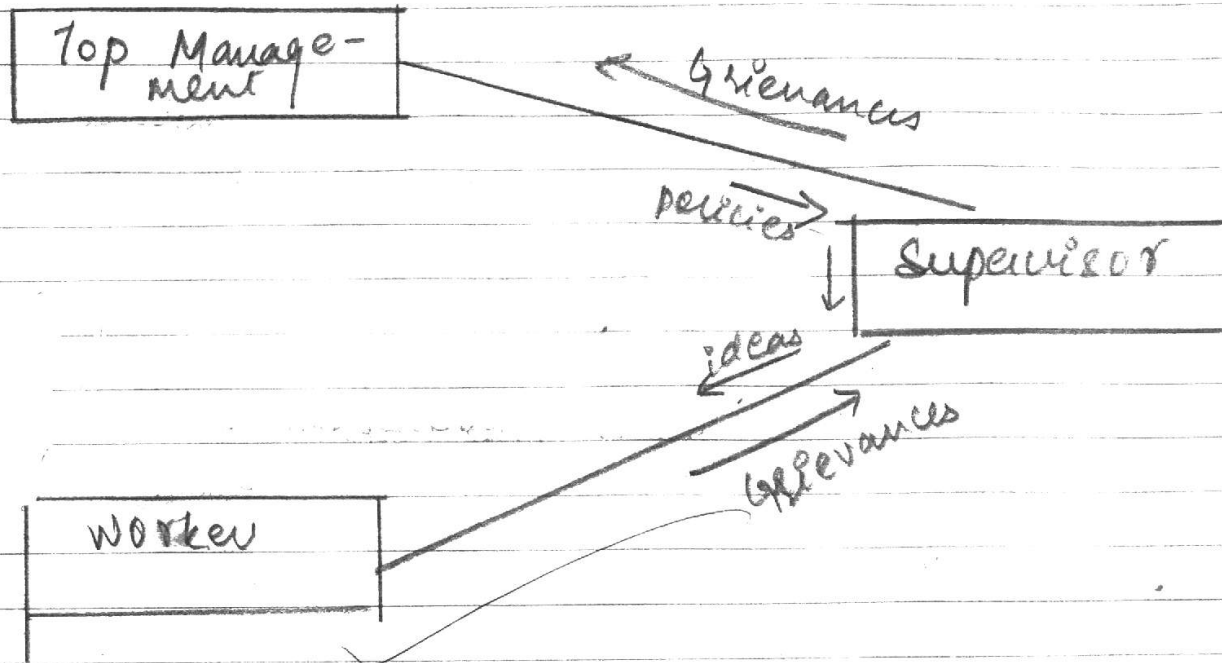
If there are not many growth opportunities, working

capital requirement would be less.

Ans 12 The primary objective of the financial Management is maximization of the share holder's wealth.

Ans 28 "The supervisor performs a very important role in the organization by performing multiple functions". Some of its important functions are :-

1. Link between the Management and the workers
 - He provides necessary link between the management and workers.
 - He communicates the workers grievances to the top Management.
 - He communicates policies, ideas, suggestion of the top management to the workers.



2 Motivates the ~~employees~~ workers

→ Motivates workers and help them to realise their full potential.

→ Leads to the achievement of the organisational objectives

3 Harmony between workers

- It controls all the class conflicts and misunderstanding
- It helps them to work in coordination and maintain harmonious relations.

4 Developing work skills

- It helps them in developing work skills by appraising performance and by providing timely feedback.
- Helps in guiding the workers how targets could be achieved.

5 Helps in making a team

- He helps in making a team of competent workers by providing on-the-job training.

6 Helps in efficient performance

- ~~the~~ supervisor constantly motivates the employees for the achievement of standards sets.

This helps in ensuring good performance.

Conclusion

Thus, supervisor is a friend, guide, philosopher for the ~~simple~~ workers.

Ans 29 → "Dividend Decision" are the decisions relating to allocation of profits.

→ Dividend is that amount that is distributed amongst the share holders.

→ Decision is to be made whether to retain the earnings or distribute amongst the share holders.

→ While Dividend constitutes current year's income, retained earnings help to improve the future earning capacity.

→ That decision needs to be taken that leads to maximisation of the shareholders wealth.

Factor affecting dividend decision

Growth Opportunities

Amount of Earnings

Access to the Capital Market

Legal Constraints

1. Growth opportunities

→ If an organisation has growth opportunity, it will think of retaining its earning rather than distributing as dividends to improve the future earning capacity.

→ On the other hand, in absence of growth opportunity, company may declare dividends.

2. Amount of Earnings

→ Dividends are declared from the current and past earning.

→ Thus, the amount of earning would determine the amount of dividend.

3 Access to the capital market

- If an organisation has goodwill in the market and thinks that it would be able to raise funds easily when required, then it may declare dividends.
- On the other hand, small firms should retain their earnings as they do not enjoy the same goodwill.

4 Legal constraints

- ~~The~~ As per the provisions of the Company Act and SEBI, there is a limit of the amount upto which the dividends can be declared.

Ans. 2012) Call Money

- Call Money market instrument - short term borrowing
- RBI frequently change its cash reserve rate.
- So the banks having lack of money, may borrow the amount from other banks having inter bank transaction. This is call money.
- Repayable on demand
- Period : 1 day to 15 days
- Call rate :- interest charged on call money
is highly volatile - Changes within
hour
- Inverse relationship with other sources. An increase in the call rate would make other sources cheaper and vice-versa.

(b) Treasury Bill — also known as Zero coupon bond

- Short term, unsecured, money market instrument
- Highly liquid
- Issued by :- RBI on behalf of Central government to raise funds for short period.
- Issued at discount and redeemed at par.
- Denominations of ₹ 25000 and after

eg → ~~A person~~ ~~Somebody~~ has taken a treasury bill of ₹ 100000 for ₹ 96000. On holding the bill till maturity he will get ₹ 1,00,000. ₹ 4000 is discount.

(c) Commercial paper

- Short term unsecured promissory note instrument, transferable and can be endorsed.
- Raised by :- credit worthy organisation
- Duration :- 15 days to 1 year
- Purpose :- seasonal and working capital requirement
- Issued at discount and redeemable at par.

For eg → If a company wants to raise long term loans then a lot of expenses regarding printing application form, issuing prospectus can be incurred.

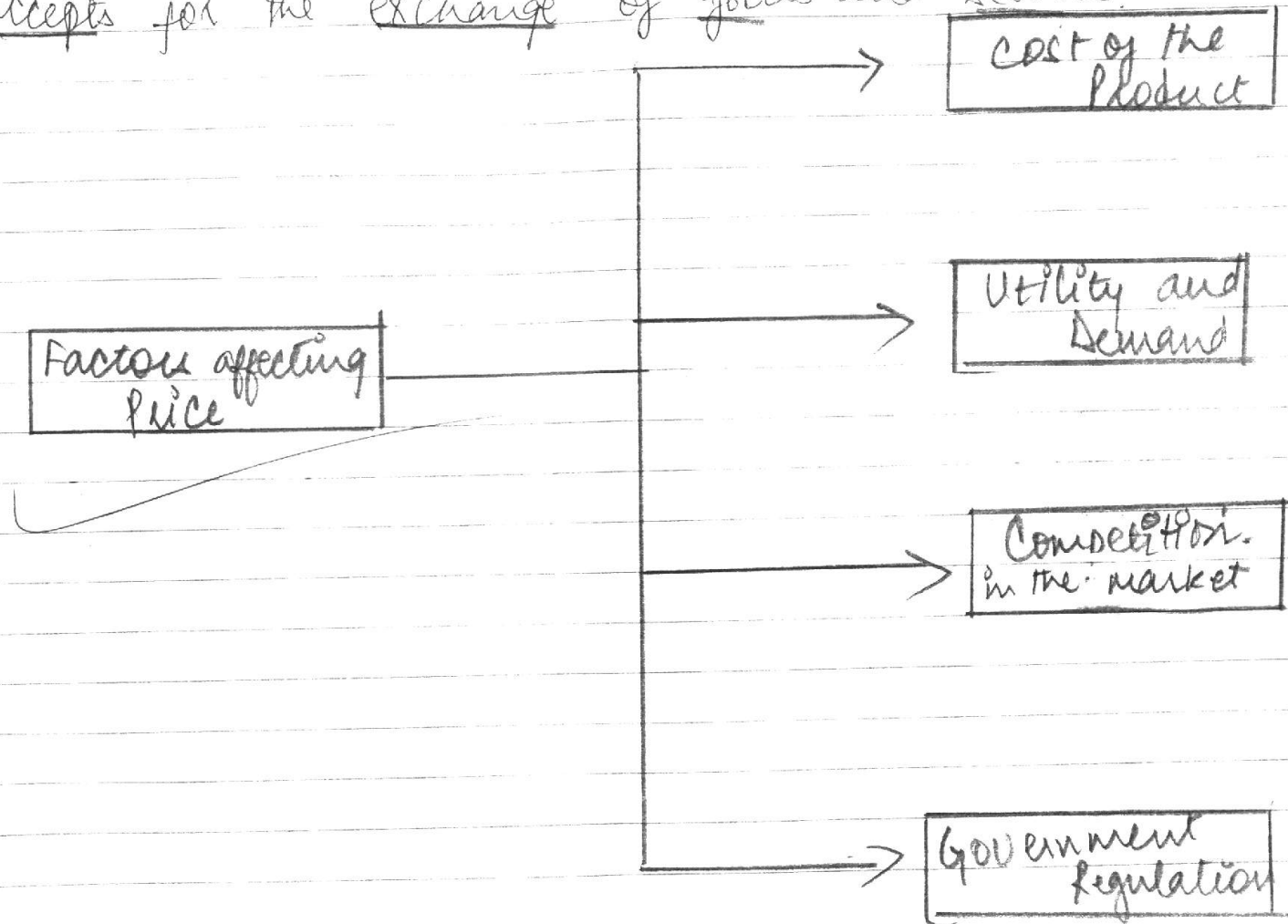
Raising funds through commercial paper for meeting floatation cost is Bridge financing

(d) Certificate of Deposit

- Short term, money market instrument.
- Issued by :- Development banks, commercial banks
- Issued to :- Companies, institutes, individuals
- Form :- Bearer form
- Purpose :- In situations of tight liquidity when the deposit growth is less and the credit requirement is more.

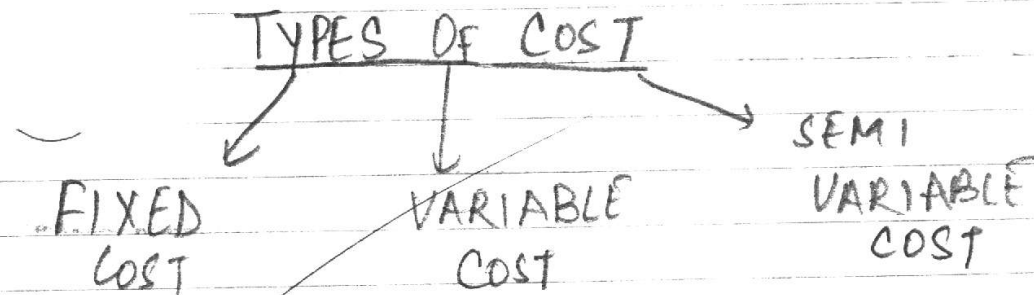
Ans 27

Price is the amount that the buyer pays and the seller accepts for the exchange of goods and service.



1 Cost of the Product

- A producer must try to cover all his costs in the long run.
- Cost sets the lower limit of the price
- These are three types of cost:-
 - (i) Fixed Cost
 - (ii) Variable Cost
 - (iii) Semi-Variable Cost



→ Fixed Cost is the cost that is not directly affected by the level of output. eg → Rent of a building

- Variable cost is the cost that is directly affected by the level of output. eg → Wages to labour.
- Semivariable cost is the cost that is indirectly affected by the level of output. Eg: Compensation after certain units produced.

2 Utility And Demand

- It sets the upper limit of Price
- A consumer will only purchase the commodity when the utility derived from a product is greater than or equal to its price.
- It is also affected by Elasticity.
- If the demand for a product is inelastic then more changes in price would have little changes in demand.
- If demand is elastic, more changes in price would lead to more changes in demand.

3 Competition in the market

- If there is more competition in the market then there is little freedom in setting our own price
- However, if there is less competition in the market then there is more freedom in setting price.

4 Government Regulation

- If there is monopoly in a particular product, and there is the demand of the product then the sellers may charge unreasonable high prices
- To curb this, the Government has categorised certain goods as "essential goods" whose price can't reach beyond a certain point

Ans 26

Controlling is the process where the actual performance is compared to the set standards in order to take corrective actions for deviation.

Importance of Controlling

- Accuracy of Standards
- Motivation of Employees
- Better Coordination
- Optimum Utilisation of Resources
- Achievement of organisational objectives

Checking

1 Accuracy of standards

- Checks whether the standards are according to the objectives and policies of the organisation.
- Helps to review it continuously with respect to the changing environment.

2 Motivation of employees

- Employees know well in advance, what standards they have to achieve.

They know well in advance, how their performance would be appraised.

- Leads to motivation among employees to achieve desired targets.

3 Better coordination

- Helps in better coordination among existing department
- Targets and goals are not set as per the needs of a particular department rather they are based on the needs of all departments.

4 Optimum Utilisation of resources

- Since targets are set in ~~the~~ advance, the departments work for the achievement of goals according to set standards
- ~~It~~ leads to no duplication, no redundancy no conflict.
- Thus Optimum Utilisation of resources.

5 Achievement of organizational goals

- Measures our performance according to the standards set and take corrective action on any deviation
- Thus, it sets the organization on target and helps in the achievement of goals.

Ans 25Ans 25

Business Environment is the sum total of all factors beyond the control of a business enterprise but which may affect its functioning.

The different dimensions of Environment are:

1 LEGAL ENVIRONMENT

→ It is the environment in which legal jurisdiction, court orders, decisions taken by the commissions of government are incorporated.

→ Business should have sound knowledge of laws otherwise they may land into problems. Eg → Provisions of Company Act

HERE :- The court passed an order that all schools must have water purifiers. So it is affected by the legal environment.

2 TECHNOLOGICAL ENVIRONMENT

→ This environment deals in innovating new methods and techniques for making the products.

Eg → Airlines have introduced online tickets

→ It helps in improving quality of the product

HERE :- Innovative techniques are being developed to manufacture water purifier at competitive rates

3 SOCIAL ENVIRONMENT

→ It consists of tradition, values, social trends, customs followed in a particular society.

HERE :- Society in general concerned about the quality of life

→ This is a social trend indicating the positives and negatives of the environment

4 POLITICAL ENVIRONMENT

→ It relates to maintaining peace and stability and the reactions of the government elected representatives towards the business.

eg → If stability in the organisation then people invest in long term projects.

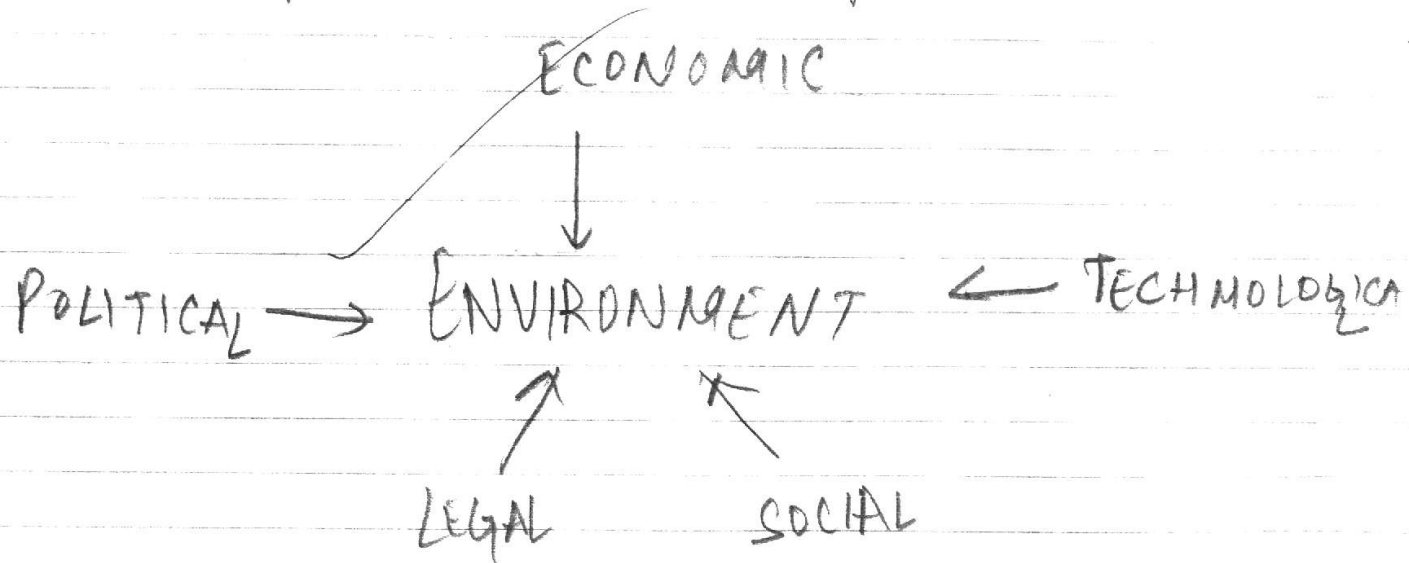
HEE:- The government is showing positive attitude towards well quifiers.

5 ECONOMIC ENVIRONMENT

→ It relates to inflation rates, interest rates, disposable income, stock market indices and value of a rupee.

eg → Increase in inflation would increase the cost of products

HERE:- Incomes of the people are rising



Ans 24 (a) The three steps for choosing the best candidates are :-

(1) EMPLOYMENT INTERVIEW

→ It refers to the indepth conversation of the employer with the employee where employer seeks information about employee.

→ Nowadays, employees also seek information about the employer.

(2) REFERENCES AND BACKGROUND CHECKS

→ Here the employer seeks phone numbers of some trusted ~~to~~ persons like past employees, principals, lecturers to get more information about the employee.

→ It also checks the ~~of~~ accuracy of information provided.

3 Selection Decision

→ Ultimate decision decision to select one team to select amongst those candidates who have passed the previous hurdles.

→ Manager selects his subordinate

(ii) two values are:-

1) Equality → Equal opportunity to men and women

2) Optimum utilisation of resources → By utilising waste material.

Ans-23

Management of is a process of getting things done with and through others to efficiently accomplish selected aims.

Features are :-

1) MANAGEMENT IS GOAL ORIENTED

- Every organisation seeks to achieve certain goals
- The goal of a business can be maximisation of society and of space society to helping children with special needs

2) PERVASIVE

Management operates in all types of organisation whether ~~top~~ ~~into~~ private or public, school or hospital

- It is the work of all managers at top, middle and

(ii) Origin	Arise from the organisational structure.	Arise from the formal organisation from social interaction
(iii) Authority 2013	Formal line of Authority following the scalar chain and by virtue of one's position	NO formal line of authority, Leadership by the virtue of one's qualities
(iv) Flow of Communication	Following the formal line of communication through scalar chain	NO formal line of communication. Free flow of communication.

0901

Fictitious Roll No.
(To be entered by Board)~~XXXXXXXXXX~~अपना अनुक्रमांक इस उत्तर-पुस्तिका
पर न लिखेंPlease do not write your
Roll Number on this Answer-Book

अतिरिक्त उत्तर-पुस्तिकाओं को संख्या

Supplementary Answer-Book(S) No. ①

Ans. 21Importance of Consumer Protection to business1. LONG TERM OBJECTIVES

- Organisations have realised that if they would satisfy the needs of the people only then they would be able to earn profits in the long run.
- Business are continuously working for the satisfaction of the needs of the customers.

2 SOCIAL RESPONSIBILITY

→ Shareholders are very important stakeholders of the business. So satisfaction of their needs is very much necessary in order to survive in the business.

3 GOVERNMENT REGULATION

→ If a firm indulges in unfair trade practices and the government intervenes in it, that would destroy the image and reputation of the company.

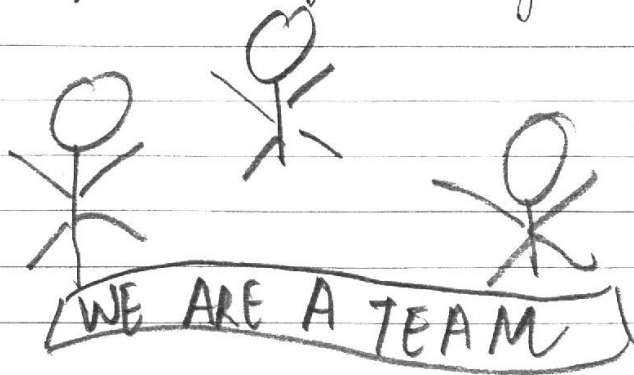
4 USES SOCIETY'S RESOURCES

→ The business uses society's resources. So it is

an utmost necessary for them to be socially responsible and protect the interest of the consumer

Ans. 13 "Esprit de Corps" is the principle that is highlighted in the above statement. It means team spirit

- It replaces 'I' with 'We'
- In big organisation, team spirit is the utmost necessity since the structure is complex.
- Team spirit helps in building coordination and cooperation
- It helps in directing the interest of the people towards the interest of the organisation.



Ans. 14 Cooperation - Not Individualism

→ It is an extension to the principle of "Harmony not discord"

→ Propogates complete mental revolution and Cooperation

→ Duties of the Workers

- (1) Not raise unnecessary demand.
- (2) Do not form trade unions.

Duties of the Management

(1) Involve them in the decision making process

(2) Pay heed to constructive suggestions and employer upward system

(3) Should share their profits with them.

Ans 15 Strategy

→ It provides broad contours for plans.

→ It deals in the direction and scope of plans.

→ It has three objectives.

- (1) Determining long term objectives
- (2) Providing Direction and scope
- (3) Direction and scope to plan.

→ It constantly monitors the changing environment

Eg → ~~Product~~ Marketing Strategy would deal in what would be the price of the product, what would be the promotional schemes, distribution channels, etc.

Ans 6 Planning Involves Decision Making

- It is actually foreseeing the future and making choices from amongst the various alternative courses of action.
- If there would have been alternatives, there won't have been the need from choosing amongst the various courses of action.

(b) Planning is pervasive

Planning is done in all organisations, however the scope of planning differs.

- Top Management → Plans for the whole organisation
- Middle Management → It plans for the various departments

→ Lower level Management → It plans for the workers

Ans B "Packaging has acquired great significance in the market of goods".

The following are the functions of packing :-

① Product Identification

It helps in the identification of the product from the various ~~brands~~ ~~available~~ other products available in the market

Eg → Uncle chips green wrapper with Uncle on it help it differentiate from blue lays.

② Product Protection

It helps in the protection of the product from spoilage, breakage, damage during transit, etc.

③ CONVENIENT TO USE

Since the product is packed in so convenient usable units like bottles, jars, tubes, etc, it makes its use very convenient to the user.

For example → Colgate tooth paste comes in a tube

~~Ans. 17 (i) 'Ajay' should use direct channel of distribution since the concentration of population is only in the village so population is at one place and not wide spread.~~

(ii) The two values that Ajay can communicate to the society are :-

1) Personal hygiene → since it giving them (donating) 200 toothbrushes so that they could start brushing.

2) Social responsibility since he is fulfilling social objectives by bringing sanitation in backward areas.

0901

Fictitious Roll No.
(To be entered by Board)

अपना अनुक्रमांक इस उत्तर-पुस्तिका पर न लिखें

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अतिरिक्त उत्तर-पुस्तिकाओं को संख्या

Supplementary Answer-Book(S) No. 2

(c) 'Ajay' should use indirect channel to distribute its product in the market, to achieve the target sale of 2000 units since it is a convenience product with large number of buyers and would be scattered. These order would be small, so involvement of intermediaries is in necessary. Since population would be scattered.

However, for donating in schools, he himself visited (direct) since the concentration was accumulated at a place.

Ans. 20 Organising is the process of assembling resources, coordinating human efforts and integrating them to achieve the desired results.

Identification and Division of work

↓
Departmentalization

↓
Assigning Duties

↓
Developing Reporting
Relationships

1 Identification and Division of work

→ First, the work is identified and then Division of work takes place.

→ Division of work helps in reducing the

burden on a person and avoids redundancy of activities

2. Departmentalisation

→ works of similar nature are clubbed together forming a department

→ Each department has a department head

→ Division of Department can be made on the basis of territory (i.e. north, south, etc.) or product line (e.g., ~~toilet~~ facewash, etc.)

3. Assigning Duties

→ Then duties are assigned to the employees headed by a department head.

→ This is to be taken care that the duties should be assigned in the virtue of their capabilities and the task that one is capable to do.

4 Establishing Reporting Relations

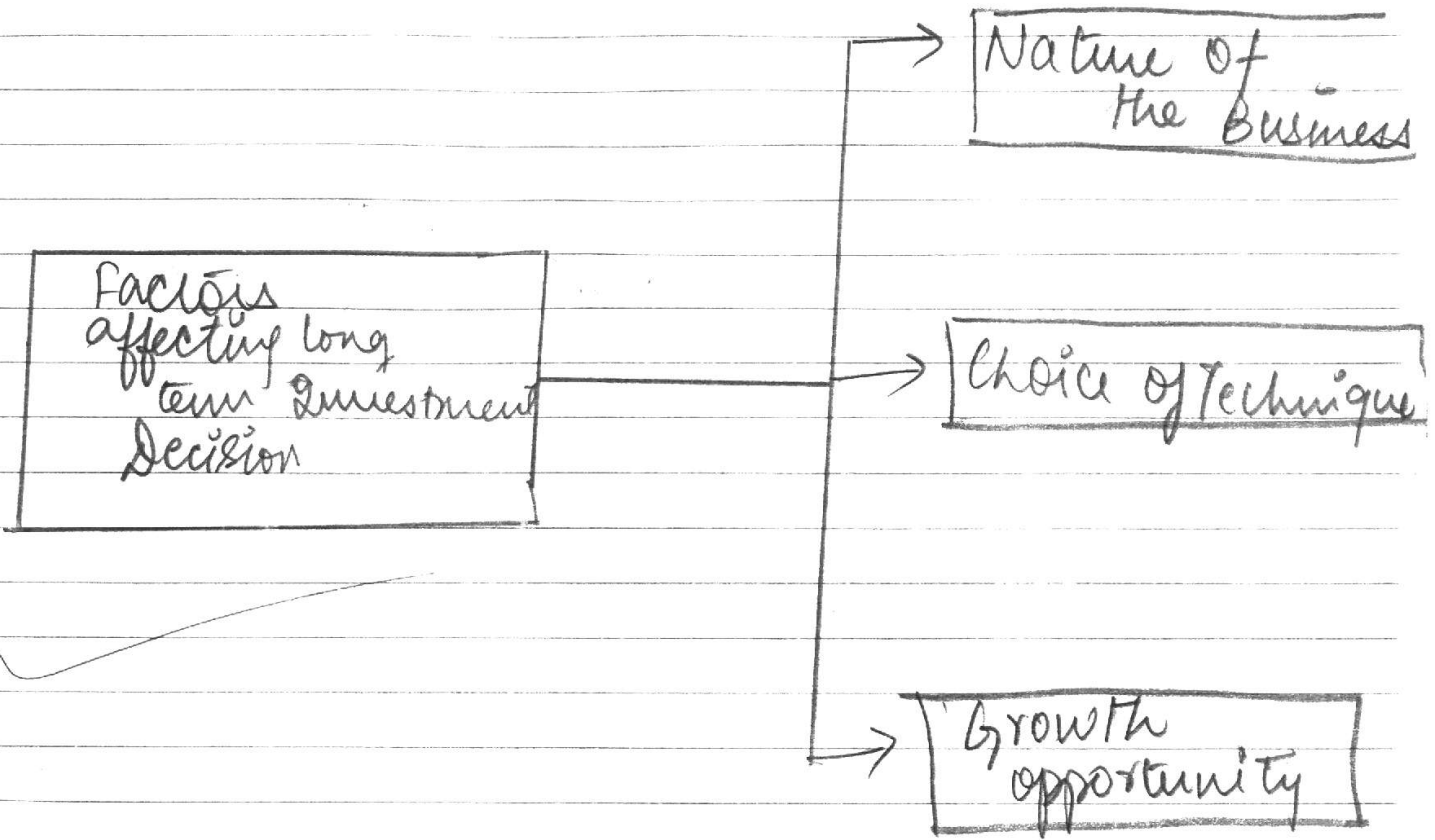
→ Then the superior - subordinate decisions are defined. ~~are under of them~~

→ This leads to clarity in reporting relationship and reducing redundancy, conflicts and chaos.

Ans: 19 Long term investment decisions are decisions related to investment in fixed assets like machinery, building, etc. they are ~~a~~ decision involving:-

- (1) Huge risks
- (2) ~~the~~ large amount of funds
- (3) Long term growth
- (4) ~~the~~ Irreversible

The major factors determining long term investment decision are:-



1. Nature of the business

- If a business is concerned with the manufacturing of goods and services then the fixed capital requirement would be more.
- If the business is concerned with services or trading, then the fixed capital requirement would be less.

2. Choice of technique

There are two ways of producing goods:-

1. Labour intensive technique that uses more labour and less capital.

2. Capital intensive technique that uses more of capital and less of labour.

If a firm uses labour intensive technique then

less fixed capital requirement.

If capital intensive technique then more fixed capital requirement

3 Growth opportunities

→ If growth opportunities are available or likely to arise in future then more fixed capital requirement

→ If no growth opportunities available then less fixed capital requirement

