

Name : \_\_\_\_\_

Date of Exam. : \_\_\_\_\_

Duration : **3 hours**

Max. Marks : **80**

Study Centre : \_\_\_\_\_

**GENERAL INSTRUCTIONS:**

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words. Q21 to Q24 are of 3 marks each
5. Answers to the questions carrying 4 marks may be about 150 words. Q25 to Q30 are of 4 marks each
6. Answers to the questions carrying 6 marks may be about 200 words. Q31 to Q34 are of 6 marks each
7. Attempt all parts of the questions together.

## Business Studies Sample Paper - 1

- Q1. Harshit works as a production manager in Awadh emporium. He has been given the task of getting 780 units of denim jeans manufactured at the cost of ₹450 per unit within 10 days. In order to be acknowledged as an effective manager, he must ensure that \_\_\_\_\_.
- (a) The cost of production is more than ₹450 per unit
  - (b) The work is completed within 10 days even at higher cost per unit
  - (c) The cost of production is less than ₹450 per unit
  - (d) All of these
- Q2. Harish Enterprises Limited is planning to increase its sales by 20% in the next year. Identify the feature of management being highlighted in the given statement.
- (a) Management is all pervasive
  - (b) Management is a goal-oriented process
  - (c) Management is a continuous process
  - (d) All of these
- Q3. In 2020, Zomato has launched operations in many more towns and cities. Zomato follows a two-step sequence while expanding to a small town. First, it provides more laborious training to restaurants and delivery partners compared to their counterparts in the city. Second, it focuses on building scale in operations and increase the restaurant's reach to a larger base of consumers, including optimizing kitchens, resource planning among others.
- Which type of plan is described in the given paragraph.
- (a) Method
  - (b) Strategy
  - (c) Programme
  - (d) Procedure
- Q4. William is striving to earn a profit margin of 24% in the current financial year. Which of the following type of a plan is described in the above statement?
- (a) Method

- (b) Objective
- (c) Strategy
- (d) Programme

**Directions for Questions 5 and 6 : Answer the following questions on the basis of the information given below :**

Mr. Nath, a recently appointed production manager of Suntech Ltd. has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. Mr. Nath's behavior is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like - installing award or certificate for best performance. - Rewarding an employee for giving valuable suggestions. - Congratulating the employees for good performance.

- Q5. Identify the functions of management highlighted in the above paragraph.
- (a) Planning, Organising
  - (b) Staffing, Controlling
  - (c) Directing, Controlling
  - (d) Planning, Staffing
- Q6. State the 'incentive' under which the employees are motivated.
- (a) Employee recognition programme
  - (b) Organisational climate
  - (c) Job security
  - (d) Employees participation
- Q7. Pooja went to the grocery store to buy monthly grocery goods. She purchased items as per her requirement. She insisted the seller to give her a discount of 15% as every seller offers the same. Which consumer responsibility is fulfilled by her?
- (a) Buy only standardised goods.
  - (b) Read labels carefully
  - (c) Assert yourself to ensure that you get a fair deal
  - (d) Be honest in your dealings
- Q8. Which of the following is not a function of Consumer Protection Councils?
- (a) To create awareness of consumer rights among consumers
  - (b) To guide consumers on how to file cases in consumer courts
  - (c) To provide compensation to consumers when they are cheated by shopkeepers
  - (d) To represent consumers in consumer courts at times
- Q9. Raghunath, a beekeeper since November 2021 is now part of the growing tribe of at least 50 urban dwellers across Maharashtra raising bees and harvesting honey in their balconies, rooftops and back gardens. As he had been focussed on eating right the thought of domesticating honey bees to promote healthy consumption habits and seeing honey being cultivated right before his eyes was mesmerising for him. Identify the factor constituting the general environment being discussed above.
- (a) Economic Environment
  - (b) Social Environment
  - (c) Technological Environment
  - (d) Political Environment
- Q10. Among the following which one is not a component of a specific forces of business environment?
- (a) Technology
  - (b) Customers
  - (c) Investors
  - Employees

- Q11. Mr. Raman, Head of production department dealing in winter garment company, called for a meeting of all the subordinates and communicated the objectives as the peak season of winter garment are coming, now he is establishing authority- responsibility relationship between superior and subordinates to avoid any delay.  
Which of the following function of management highlighted in the given case?  
(a) Organising  
(b) Controlling  
(c) Directing  
(d) Staffing
- Q12. Among the following, which is an obligation to perform certain functions and achieve certain results?  
(a) responsibility.  
(b) decentralisation.  
(c) centralisation.  
(d) delegation.
- Q13. Rumours and gossips are which type of communication?  
(a) downward communication.  
(b) upward communication.  
(c) horizontal communication.  
(d) informal communication.
- Q14. Employees are given share in the profit of the company in recognition to their efforts in increasing the profit of the company. Identify the type of incentive with specific name.  
(a) Financial, productivity linked wage  
(b) Financial, profit sharing  
(c) Non-financial, employee recognition  
(d) Non-financial, status
- Q15. Among the following, which is not a marketing mix?  
(a) Product  
(b) Physical distribution  
(c) Product pricing  
(d) Production process
- Q16. Which of the following marketing mix activity is associated with Newsletters, catalogues, and invitations to organization-sponsored events?  
(a) Pricing  
(b) Distribution  
(c) Product development  
(d) Promotion
- Q17. This form of primary market floatation involves requesting subscriptions from the general public to participate in a company's securities through the publication of advertisements-  
(a) Private placement  
(b) Offer through a prospectus  
(c) Offer for sale  
(d) All of the above
- Q18. Which of the following statements about the stock exchange is false?  
(a) It acts as a marketplace for the purchase and sale of new securities.  
(b) It reduces the securities marketability.  
(c) It increases the liquidity of the securities by offering a ready market.  
(d) It acts as a marketplace for the purchase and sale of old securities.

- Q19. There are two statements marked as Assertion (A) and Reason (R).  
Read the statements and choose the appropriate option from the options given below  
Assertion (A) : Management is a continuous process.  
Reason (R) : Organisation's existence is based on objectives and management is the process which unites the efforts of every individuals to achieve the goal.  
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Assertion (A) is true, but Reason (R) is false  
(d) Assertion (A) is false, but Reason (R) is true
- Q20. There are two statements marked as Assertion (A) and Reason (R).  
Read the statements and choose the appropriate option from the options given below  
Assertion (A) : Management helps the individuals to achieve goals.  
Reason (R) : Personal Objectives includes consistently creating benefits or economic value for various constituents of the society.  
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)  
(c) Assertion (A) is true, but Reason (R) is false  
(d) Assertion (A) is false, but Reason (R) is true
- Q21. Name and explain the principle of management which requires judicious application of penalties by management.
- Q22. Explain any three features of Directing.
- Q23. Your grandfather has retired from an organization in which he is responsible for implementing the plans developed by top level management. At which level is he working and also state two functions of this level of management?
- Q24. "In today's commercial world, the Stock exchange performs many vital functions which lead the investor towards positive environment". Explain how by giving three reasons.
- Q25. (a) A rise in price of silk by 10% was taken very seriously by:  
(i) A cloth manufacturing business                      (ii) An iron and steel firm  
Are both correct? Name and explain the concept involved.  
(b) Explain 'Improving Employee Motivation' as an importance of controlling.
- Q26. With the increasing use of internet, now-a-days majority of recruiting activity is done electronically. Many employers use online tests to select suitable candidates. These are commonly used to reduce a long list of potential applicants to a smaller number of applicants who can progress to further selection activities.  
(a) Identify the method of recruitment which is being used by companies.  
(b) Explain any three merits which the companies enjoy by using such method of recruitment.
- Q27. Explain the steps involved in the process of organising.
- Q28. The most feasible, profitable and with least negative consequences alternative is finalized." Identify the step of planning process highlighted here and explain the previous two steps identified above.
- Q29. To tackle the uncertainty in respect of availability and timings of funds what is required? Name the concept and explain its three points of importance.
- Q30. Raman, the General Manager of Skyline Ltd. is very popular among his subordinates. His affectionate behaviour make the workers to follow his instructions willingly. He always his

subordinates by gently communicating and giving them corrective measures. He always recognizes and appreciates his subordinates for outstanding performance and acknowledge them in a monthly official meeting.

(a) Identify and explain the tool used by Raman to motivate his subordinates.

(b) Name and state two more incentives which can be used to motivate his subordinates.

Q31. Define Labelling and explain its functions.

Q32. Rajni opens a jewellery showroom in Karol Bagh Market, Delhi after completing a course in jewellery designing. She has employed fifteen persons in the showroom. For greater productivity, she divides the work into small tasks and each employee is trained to his/her specialised job. All the employees directly report to Rajni and receives instructions from only Rajni so there is no confusion in work.

In the earlier days of starting the business five of her employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. After six months, when the business was doing well she awarded a cash bonus to each of these employees. However, when it comes to setting conflicts among her employees, she tends to be more biased towards female employees. She allows the female employees to directly communicate with her without following the prescribed lines of communication.

Identify and state the principles of management that are being followed and violated by Payal.

Q33. Sakshi runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as western formal wear, thereby making her company a complete provider of corporate wear. She has also decided to employ more workforce for his factory from under privileged sections of the society. Also she decides to employ women holding fashion designer diploma in her factory for designing western formal wear. This will enable her to market her business unit as the one shop for working women.

(a) Suggest a suitable organisation structure for the company.

(b) Also state any three advantages and two disadvantages of this type of organization.

Q34. Explain any four product related factors which affect the choice of channels of distribution.

## SOLUTIONS:

S1. Ans. (b)

S2. Ans. (b)

S3. Ans. (b)

S4. Ans. (b)

S5. Ans. (c)

S6. Ans. (a)

S7. Ans. (c)

S8. Ans. (c)

S9. Ans. (b)

S10. Ans. (a)

S11. Ans. (a)

S12. Ans. (a)

S13. Ans. (d)

S14. Ans. (b)

S15. Ans. (d)

S16. Ans. (d)

S17. Ans. (b)

S18. Ans. (b)

S19. Ans. (b)

S20. Ans. (c)

S21. Ans. Sol.

**Discipline:** Is the obedience to organizational rules and employment agreement, which are necessary for the working of the organisation. Discipline requires good supervisors at all levels, clear and fair agreements and judicious application of penalties. A manager can present a good example to his subordinates by disciplining himself. Discipline is essential for smooth running of organisation. For eg. If the company has entered into an agreement with employees about their wages for four years then the company should honour it. Similarly the employees should also honour the commitment made by them.

S22. Ans. Sol.

(i) **Directing initiates action-** Directing is considered to be most important function of management. A manager has to perform this function along with planning, organising, staffing and controlling while performing his duties in the organisation. While other functions prepare a base or setting for action, directing initiate or start action in the organisation.

(ii) **Directing is a continuous process-** Directing is not a one time activity, it is an ongoing process. A manager cannot just rest after issuing orders and instructions. He must guide, supervise and motivate his subordinates on continuous basis. He must continuously take steps to ensure that the orders and instructions are carried out properly and the performance is according to standards. The function of directing goes on throughout the lifetime of the organisation.

(iii) **Directing takes place at every level-** Directing is pervasive function as it is performed by all members at all levels of the organisation. However, the time spent on directing is comparatively more at supervisory level of management. Directing takes place where superior-subordinate relation exist.

S23. Ans.

Sol. He is working at middle level management.

(a) They ensure department has necessary personnel.

(b) To motivate employees for higher productivity and rewarding them for their better performance.

S24. Ans. Sol.

(i) **Economic barometer-** A stock exchange is a reliable barometer to measure the economic condition of a country. Every major change in country and economy is reflected in the prices of shares. The rise or fall in the share prices indicates the boom or recession cycle of the economy. Stock exchange is also known as a pulse of economy or economic mirror which reflects the economic conditions of a country.

**(ii) Pricing of securities-** The stock market helps to value the securities on the basis of demand and supply factors. The securities of profitable and growth oriented companies are valued higher as there is more demand for such securities. The valuation of securities is useful for investors, government and creditors. The investors can know the value of their investment, the creditors can value the creditworthiness and government can impose taxes on value of securities.

**(iii) Safety of transactions-** In stock market only the listed securities are traded and stock exchange authorities include the companies names in the trade list only after verifying the soundness of company. The companies which are listed they also have to operate within the strict rules and regulations. This ensures safety of dealing through stock exchange.

**S25. Ans. Sol.**

(a) Both are not correct. For cloth making concern it's a very serious concern and for iron and steel making firm it is not a serious concern. The concept here discussed here is Critical Point Control.

(b) **Critical point control-** It is neither economical nor easy to keep a check on each and every activity in an organisation. Therefore, control should focus on Key Result Areas (KRAs) which are critical to the success of an organisation. When anything goes wrong in these areas the entire organisation suffers. Therefore deviations in key areas of business need to be attended more urgently. For example 10% increase in raw material is more harmful than 30% increase in telephone charges.

**Improving employee motivation-** Controlling provides performance standards for all the employees in the organisation. So, employees know well in advance what they are expected to do and what are the standards of the performance on the basis of which performance will be judged. It motivates them and helps them to give better performance and earn the rewards.

**S26. Ans. Sol.**

(a) External Sources of Recruitment.

(b) (i) **Fresh talent-** By using the external sources of recruitment, the organisation can obtain fresh and talented candidates. This means infusion of new blood and modern ideas into the organisation. This will improve the overall working of the organisation.

(ii) **Wider choice-** When vacancies are advertised widely, a large number of applicants from outside the organisation apply. The organisations can select the best possible candidate for employment.

(iii) **Qualified personnel-** Through external sources of recruitment the management can attract qualified and trained persons to apply for vacant jobs in the organisation.

**S27. Ans. Sol.**

### **Process of Organising**

(i) **Identification and division of work-** The first step in the process of organizing involves identifying and dividing the work in accordance with predetermined plans. The work is divided into manageable activities (called jobs) so that duplication of work can be avoided and the burden of work can be shared among the employees. Division of work facilitates specialization in work and skills which is necessary because the work cannot be done by one individual very effectively and efficiently.

(ii) **Departmentalisation-** Once work is divided into small activities, similar and related jobs are related together. This grouping is called departmentalisation. Work is divided into jobs to facilitate unity of effort. It facilitates specialization. The department so created linked together on the basis of their interdependence. Departments can be created on the following basis :

(a) **On the basis of Functions:** For example, Finance Department for financing activities, Production Department for production activities etc.

(b) **On the basis of Products:** For example, Medicine, Textile, Garments, Cosmetics, Bottles etc.

(c) **On the basis of Territory:** For example East, West, North, South etc.

(iii) **Assignment of duties-** Once departments are formed, individual department heads are appointed for each department according to their skills and competencies. The work must be assigned to those who are best fitted to perform it well.

(iv) **Establishing reporting relationships-** Establishing authority and responsibility relationship help to create the hierarchal structure and helps in coordination among various departments. Superior subordinate relations between different people and job position is to be created, so that everybody knows from who is he/she is taking orders and to whom he/she can issue orders.

**S28. Ans. Sol.**

**Selecting an Alternative-** The best alternative is selected but as such, there is no mathematical formula to select the best alternative. Sometimes instead of selecting one alternative a combination of different alternatives can also be selected. The ideal plan selected would be most feasible, profitable and with least negative consequences.

Previous two steps preceded by the step identified above are:

**(i) Evaluating Alternative Courses-** After making the list of various alternatives along with the assumptions supporting them the manager starts evaluating each and every alternative. The alternatives should be compared in light of objectives, risk, cost, planning premises, availability of capital etc. The feasibility and consequences of each alternative must be scrutinised before a choice is made.

**(ii) Identifying Alternative Courses of Action-** Once objectives are established and assumptions are made, then the managers have to make a list of alternatives through which the organisation can achieve its objectives. There is hardly any plan for which alternatives do not exist. Generally, there are many alternatives to achieve the objectives and the managers must know all the ways to reach the objectives.

**S29. Ans. Sol.**

The concept here discussed is Financial Planning.

**(i) Makes the firm better prepared to face the future-** It helps in forecasting what may happen in future under different business situations for example if there is prediction of 20% growth in sales. However, it may happen that growth rate turn out to be 10% or 30%. The financial planners prepare the blue prints of these three situations so that management must know what to do in each situation.

**(ii) Help in avoiding Business Shocks and Surprises-** By preparing blue print to face different types of situations.

**(iii) Coordinate various functions-** It helps in coordinating various functions the production, sales etc. by providing clear policies and procedures.

**S30. Ans. Sol.**

**(a) Employees recognition-** Recognition means acknowledgement with a show of appreciation. When employees are appreciated for their good performance of work, they feel motivated.

**(b) (i) Career advancement opportunity-** Every individual wants to grow to the higher level in the organisation. Managers should provide opportunities to employees so that they can be promoted to higher level jobs. Appropriate skill development programmes, and sound promotion policy will help employees to achieve promotions. Promotion is a strong motivator which induces people to perform to their maximum level.

**(ii) Job enrichment-** Job enrichment is concerned with designing jobs that includes great variety of work content, require higher level of knowledge and skill, give workers more autonomy and responsibility, and provides opportunity for personal growth. If jobs are enriched and made interesting, the job itself becomes a source of motivation to the individual.

**S31. Ans. Sol.**

### **Labelling**

It means putting identification marks on the package. A label is an important feature of the product as it provides useful information about the product and its manufacturer. A label may be part of the package or may be a tag attached directly to the product. It is used to provide detailed information like name of the product, name and address of the manufacturer, contents of the product, weight and measurement of the product, manufacturing and expiry date etc.

### **Functions of Labelling**

**(i) Describe the product and specify its contents-** The manufacturer cannot communicate to each and every customer personally so if he wants to communicate and share some information about the product with the customer it is done through labels. The manufacturer prints all the information related to product such as the contents, price, instruction to use, etc.

**(ii) Identify the product-** The label helps the customers to identify the product from the various types available for example, we can easily identify a Cadbury chocolate from the various chocolates kept in the shelf of a shop by the colour of its label.

**(iii) Help in grading-** With the help of label products can be graded in different categories for example, Brooke Bond Red Label, Brooke Bond Yellow Label, Green Label, etc.



**(iv) Promote sale-** Attractive and colourful labels excite customer and induce him to buy the product. Specially in consumer goods attractive labels increase sales volume.

**(v) Providing information required by law/legal requirement-** The label is also used to fulfil the legal requirement as it is legal compulsion to print batch no., Contents, max. retail price, weight or volume on all the products. On some products giving statutory warning is also a legal compulsion and these legal requirements are fulfilled through label.

**S32. Ans. Sol.**

**Principles followed**

(i) **Division of work:** Work is divided in small tasks/job and a trained specialist who is competent enough to perform that job does each work. Thus it leads to greater efficiency, specialization, increased productivity. This principle also helps to avoid waste of time cause by change from one work to another. It is because of this principle that one can separate departments for production, marketing, finance etc. in an organisation. For eg. A bank involves several operations like cash collection, payment of cash, issue of cheque books, issue of pass books. Etc. All these activities are performed by different persons. It improves efficiency and makes them specialists in their respective fields.

(ii) **Discipline:** Is the obedience to organizational rules and employment agreement, which are necessary for the working of the organisation. Discipline requires good supervisors at all levels, clear and fair agreements and judicious application of penalties. A manger can present a good example to his subordinates by disciplining himself. Discipline is essential for smooth running of organisation. For eg. If the company has entered into an agreement with employees about their wages for four years then the company should honour it. Similarly the employees should also honour the commitment made by them.

(iii) **Unity of Command:** According to Fayol there should be one and only one boss for every individual employee. It implies that every worker should receive orders from one superior only, otherwise it will create confusion, conflict and duplication of work. If a subordinate receives orders from more than one superior at a time, then he will get utterly confused and will not able to decide that whose orders must be carried out first. The superior whose orders are not executed might become annoyed or develop a feeling of jealousy and bitterness towards the other superiors. There may also be a problem of conflict among superiors regarding how the work should be performed. For eg. If an employee of production department is asked to go slow in production to maintain quality standard by the production head and sales incharge instructs the employees to fasten the production to meet the pending orders. In this case the employee will get confused as to whose instruction he should follow.

**Principles violated**

(i) **Scalar Chain:** The formal lines of authority and communication between superiors and subordinates from the highest to the lowest ranks is known as scalar chain. All managers are linked together in their positions from the highest to the lowest level. Each manager has subordinates below him and superiors above him. In this way, all the managers are linked through chain. The principle of scalar chain suggests that there should be clear line of authority from top to bottom linking managers at all levels.

(ii) **Equity:** Good sense and experience are needed to ensure fairness to all employees who should be treated as fairly as possible. The working environment of any organization should be free from all forms of and principles of justice and fair play should be followed. No worker should be unduly favoured or punished. All employees in a similar position should be treated at par and their worth should be recognised. For eg. Workers performing similar jobs should be paid same wages. Similarly, all employees should get a fair treatment in case of reward or punishment. For eg. If two employees are latecomers, then same treatment should be given to both latecomers.

**S33. Ans. Sol.**

(a) Divisional Structure

(b) **Advantages**

(i) **Product specialisation-** A divisional heads gains experience in all functions related to a particular product. Product specialisation helps in development of varied skills in a divisional head and this prepares him for higher positions.

(ii) **Greater Accountability**- In this structure, each product department is treated as a 'profit centre' and is accountable for its own profit and loss. This provides a base for evaluating performance and helps in fixation of responsibility of poor performance.

(iii) **Flexibility and Initiative**- It promotes flexibility and initiative because each division functions as an autonomous or independent unit which leads to faster decision making.

**Disadvantages**

(i) **Expensive**- It may lead to increase in costs because of duplication of resources in various departments since each department has set of similar functions.

(ii) **Conflicts**- There may be conflicts among different divisions with reference to allocation of funds. Also, a particular division may try to maximise its profits at the cost of other divisions.

**S34. Ans. Sol.**

(a) **Nature of Product**- In case of industrial products like MRI machines, direct or short channels may be used as they are costly and are made to order and purchase by few buyers. For consumer products, long channels are preferred as these products are usually standardised, less expensive, less bulky, not technical and frequently purchased products.

(b) **Perishability**- Perishable products like fruits, vegetables, bakery items, etc. are best sold through short channels while non-perishable products like soap, shampoo etc. require longer channels to reach widespread consumers.

(c) **Product Complexity**- In case of products requiring technical advice or guidance like engineering products, shorter channels may be preferred. However, simple or non-complex products can be sold through long channels.

(d) **Unit Value of Product**- In case of products having low unit value like cosmetics, soaps etc. long channels are preferred. On the other hand, when products are to be distributed which are expensive (e.g diamond ornaments), shorter channels are preferred.

