



Deborah Chowdhury
30/11/19



ST. LAWRENCE HIGH SCHOOL
A JESUIT CHRISTIAN MINORITY INSTITUTION
Selection Test - 2019

Sub: Business Studies

Class: XII

F. M. 80

Duration: 3 Hours 15 Mins

Date: 23.11.2019

MODEL ANSWERS

Part - A

[44 Marks]

1. Answer the following questions: (Alternatives are to be noted) (4x7=28)

a. Explain the principle of authority and responsibility.

Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position. Authority also refers to the right to take decision. Authority flows from top to bottom and we go higher up in the management hierarchy the scope of authority increases.

It is the obligation of a subordinate to properly perform the assigned duty. Thus, responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, then also he is also answerable for that. If authority granted is more than responsibility, then it may lead to misuse of authority, and if responsibility assigned is more than authority it may make a person ineffective.

b. State the importance of business environment.

Mention the given points and explain them:

- Enables the firm to identify opportunities and getting first mover advantage.
- Help the firm to identify the threats and early warning signal.
- Helpful in tapping and assembling resources.
- Helps to adjust and adapt with the rapid changes.
- Assisting in planning and policy marking.
- Improvement in performance.
- Helps to build reputation.

OR

Explain any four positive impacts of globalization on business and industry in India.

Mention the given points and explain them:

- Helped in free flow of goods and services.
- Helped in free flow of capital from outside the economy.
- Helped in free flow of technology.
- Helped in free flow of human resources.

c. Mention four features of planning.

Mention the given points and explain them:

- Primary function.
- Flexibility.
- Commitment.
- Integration.
- Goal-oriented.
- Continuous process.
- Directed towards efficiency.
- Selection and decision making.

d. Explain in brief the importance of delegation of authority.

Mention the given points and explain them:

- Reduce work load of managers.
- Effective management.
- Motivation of employees.
- Employee development.
- Facilitates organizational growth.

OR

Give a brief idea about formal and informal organization.

A formal organisation is such an organization, which is constituted by the top level management by defining the duties, authorities and responsibilities of employees individually and collectively.

An informal organization consists of small social groups, which spontaneously originates within the formal setup. Informal organizations develops relationships which are built on likes, dislikes, feelings and emotions and it is not based on any rules and regulations as in case of formal organization.

e. Discuss any four sources of recruitment.

Mention the given points and explain them:

- Promotion

- Demotion
- Transfer
- Lay off
- Advertisement
- Employment exchanges
- Campusing.

f. Discuss any four barriers to communication.

Mention the given points and explain them:

- Semantic barrier to communication.
- Psychological barrier to communication.
- Organizational barrier to communication.
- Personal barrier to communication.

g. "Planning without controlling is meaningless." – Explain.

Planning and controlling are co-related. Planning is done much in advance but an effective planning needs to be controlled as well. If the planned activity is not controlled in the desired manner then the planning becomes ineffective for the organization.

OR

What is controlling? Why controlling is important in management?

Controlling is measurement and correction of the performance of the subordinates to make sure that the enterprise objectives and plans devised to attain them are being accomplished.

- Medium of work performance
- Reducing the gap between expectation and getting
- Disclosing weakness of other management functions
- Successful implementation of planning
- Helping in minimization of waste in different direction
- Bringing about punctuality and discipline
- Supervision according to standard
- Increasing productivity

2. Answer the following questions: (Alternatives are to be noted) (4x1=4)

a. Discuss the functions of SEBI.

Mention the given points and explain them:

- Regulation of stock market.
- Registration function.
- Control over mutual fund.
- Prevent unethical activities.
- Conducting research and development activities
- Inspection and auditing
- Protection of interest of investors function
- Surveillance.

OR

Classify financial market

Financial market can be broadly classified into Money market and Capital market. Money market can be broadly classified into organized and unorganized markets. Capital market can be broadly classified into primary and secondary market.

EXPLANATION OF ALL THE MARKETS IS VERY MUCH NECESSARY

3. Answer the following questions: (Alternatives are to be noted) (6x2=12)

a. Explain the objectives of financial management.

Mention the given points and explain them:

- Profit maximization.
- Wealth management.

EXPLAIN THE GIVEN POINTS ELABORATELY WITH EXAMPLES.

b. Briefly discuss the techniques of sales promotion.

Mention the given points and explain them:

- Discount offer
- Free gifts
- Coupons
- Price pack
- Rebate
- Lottery and luck draw
- Distribution of free samples
- Extra offer
- Free trial offer

1. Choose the correct alternatives:

- a. Management is –
 - i. An art.
 - ii. A science.
 - iii. **Both art and science.**
 - iv. None of these.
- b. Henri Fayol was –
 - i. A social worker.
 - ii. A professional accountant.
 - iii. **A mining engineer.**
 - iv. A production engineer.
- c. The New Industrial Policy in India was started in –
 - i. 1956
 - ii. 1981
 - iii. **1991**
 - iv. 2001
- d. Planning includes –
 - i. Objectives.
 - ii. Policy.
 - iii. Strategy.
 - iv. **All of these.**
- e. Centralization refers to –
 - i. Retention of decision-making power.
 - ii. **Dispersal of decision-making power.**
 - iii. Division of workload.
 - iv. None of these.
- f. Which one of the following is not a part of internal sources of recruitment?
 - i. Promotion.
 - ii. Demotion.
 - iii. Transfer.
 - iv. **Suspension.**
- g. Reports, suggestions, appeals, grievances, etc. are examples of –
 - i. Downward communication.
 - ii. **Upward communication.**
 - iii. Horizontal communication.
 - iv. Informal communication.
- h. An efficient control system helps to –
 - i. Achieve organizational goals.
 - ii. Boost employee morale.
 - iii. Compare actual with target performance.
 - iv. **All of these.**
- i. The gross working capital is a _____ concern concept.
 - i. **Going.**
 - ii. Money measurement.
 - iii. Revenue concept.
 - iv. Cost concept.
- j. Money market instruments –
 - i. Have low default risk.
 - ii. Are usually sold in large denominations.
 - iii. Mature in one year or less.
 - iv. **All of these.**
- k. The aim of advertisement is –
 - i. Product distribution.
 - ii. Price settlement.
 - iii. **Product promotion.**
 - iv. All of these.
- l. Consumerism refers to movement by –
 - i. Government.
 - ii. Society.
 - iii. Producers.
 - iv. **Consumers.**

2. Answer the following question: (Alternatives are to be noted)

(1x5=5)

- a. Define corporate level strategy.

Corporate level strategy is formulated by top management to oversee the interest and operations of organizations made up of more than one line of business.

- b. What is delegation of authority?
Delegation of authority is the assignment of duties, authority and responsibility to others.
OR
 What is work specialization?
Work specialization is also known as division of labour. It describes the degree to which task in the organization are sub divided into separate jobs.
- c. Define training.
Training is concerned with developing specific skills for a particular purpose usually for performing a specific job, for example learning by an employee how a particular machine can be handled effectively.
OR
 Define promotion.
Promotion refers to shifting on an employee to a position carrying higher responsibilities and therefore enjoying increased prestige.
- d. Exemplify physiological needs.
Physiological needs include basic requirements for survival and maintenance of human life. The common physiological needs include food, shelter and clothing.
- e. What is budgetary control?
Budgetary control is a tool used by the management to obtain the objectives expressed as in the form of budget.

OR

What is basis of controlling process?

The basis of controlling process is standards.

3. Choose the correct alternatives:

(1x12=12)

- a. Which one of the following is a step of controlling?
 i. Assessing personnel required.
 ii. **Taking corrective action.**
 iii. Assessing environment.
 iv. Taking disciplinary action.
- b. Management is called a process because –
 i. It is applicable to the production process.
 ii. It has social obligations.
 iii. **It involves a number of different but interrelated functions.**
 iv. None of these.
- c. The word PODSCORB was advanced by –
 i. Henri Fayol.
 ii. **Luther Gullick.**
 iii. Harold Koontz.
 iv. P.F. Drucker.
- d. High degree of financial leverage means –
 i. **High debt proportion.**
 ii. Lower debt proportion.
 iii. Equal debt and equity.
 iv. No debt.
- e. Net working capital is the excess of current asset over –
 i. **Current liability.**
 ii. Net liability.
 iii. Total payable.
 iv. Total liability.
- f. Money market refers to markets where the lenders and borrowers exchange –
 i. **Short-term funds.**
 ii. Medium-term funds.
 iii. Long-term funds.
 iv. All of these.
- g. The National Stock Exchange index is popularly known as –
 i. Sensex.
 ii. **Nifty.**
 iii. BSE.
 iv. SEBI.
- h. Branding, packing, labeling, etc. add value to the –
 i. Customers.
 ii. **Product.**
 iii. Sales.
 iv. Market.
- i. Product represents –
 i. Economic activity.
 ii. Consumers need.
 iii. Demand.

- iv. **Bundle of expectations.**
- j. Consumer Protection Act was introduced in our country in –
 - i. 1982
 - ii. **1986**
 - iii. 1995
 - iv. 2001
- k. How many rights of consumers are provided under the Consumer Protections Act?
 - i. 4
 - ii. **6**
 - iii. 7
 - iv. 8
- l. Which of the following is not a consumer organization?
 - i. Consumers' organization.
 - ii. Consumers' Trust Society.
 - iii. **Chambers of Commerce.**
 - iv. Common cause.

4. Answer the following questions: (Alternatives are to be noted)

(1x7=7)

- a. What is meant by universality of management?

The principles and functions of management are applicable to different institutions and organizations.

OR

What is coordination?

Coordination refers to the process by which a manager integrates the activities of different departments or subordinates.

- b. What is marketing mix?

Marketing mix is the set of marketing tools that the firms use to pursue its marketing objectives in the target market.

- c. List two important decisions involved in financial management.

Investment decision and financing decision.

OR

How would you define dividend decisions?

Dividend decision refers to the determination of quantum of profits to be distributed to the owners.

- d. What is sales promotion?

Sales promotion refers to those marketing activities that stimulate consumer purchasing and dealer effectiveness.

- e. What is commercial paper?

Commercial paper is unsecured money market instrument issued in the form of a promissory note.

OR

Why was SEBI set-up?

The SEBI was set-up to protect the interests of investors, development and regulation of securities market.

- f. Mention any two media of advertising.

Newspapers and Televisions.

- g. What is AGMARK?

It is a seal guaranteeing the quality of agricultural product on the basis of prescribed standards.

OR

Mention any one responsibility of consumer.

The proof of purchase and documents relating to purchase of durable goods should be invariably obtained and preserved.