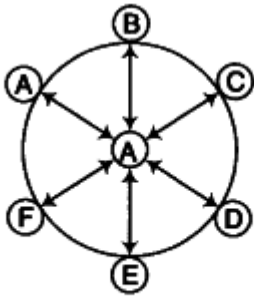
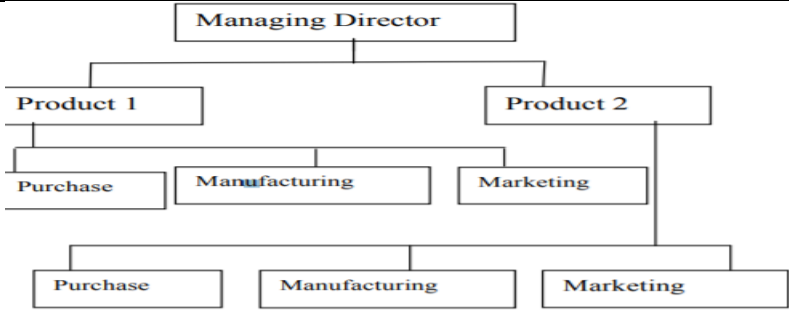


BUSINESS STUDIES CLASS XII PRELIM 1 2020-21

ANSWER KEY

Sr No	Questions	Marks
1)	c. Cash memo	1
2)	(b) Effective	1
3)	(c) Number of subordinates under a superior	1
4)	b. Organising	1
5)	a. iii,i,ii	1
6)	Mechanical engineer	1
7)	b. higher degree of financial risk or b. ROI is higher than the cost of Debt	1
8)	c) Technical	1
9)	d. Retained earnings	1
10)	c) Investment decision	1
11)	c. vestibule training	1
12)	b)Consumer association that has not been recognized or b) Consumer Protection	1
13)	a) Make the debt relatively cheaper	1
14)	a. Apprenticeship training	1
15)	d. social	1
16)	a. Gossip	1
17)	b. Informal	1
18)	c. Physiological Needs	1
19)	d. Safety Needs	1
20)	b. Social needs	1
21)	1.planning provides direction 2. Planning reduces the risks of uncertainty. 3. Planning reduces overlapping and wasteful activities. 4. Planning promotes innovative ideas. 5. Planning facilitates decision making 6. Planning establishes	3

	<p>standards of controlling (Any 3) (½ mark title, ½ mark explanation) Or 1. Decision making 2. Planning is continuous process 3. Planning is pervasive 4. Objective achievement 5. Planning is Futuristic 6. Planning is a mental exercise 7. Planning is Primary function (Any 3) (½ mark title, ½ mark explanation)</p>	
<p>22)</p>	<p>Democratic or Participative leader (1 m)</p> <p>It refers to that leadership style in which the leader consults with his subordinates before making any final decision. (1 m)</p> <div style="text-align: center;">  <p>Group-Centred-Leadership (A is the leader, who consults with the group)</p> </div> <p>(1 m)</p> <p>Characteristics of Democratic leader</p> <ul style="list-style-type: none"> • Cooperative Relations • Belief in Employees • Open communication (1 m) 	<p>3</p>
<p>23)</p>	<p>1 mark each for correct point of distinguish with titles.</p>	<p>3</p>
<p>24)</p>	<p>Yes.(1 m) Management as a profession. Any 2 points</p>	<p>3</p>
<p>25)</p>	<p>Divisional structure (1 MARK) DIAGRAM (1 M)</p>	<p>4</p>

	 <p>Advantages of Divisional structure: (i) Product specialization helps in development of varied skills. (ii) Helps in fixation of responsibility. (iii) Promotes flexibility as each division is autonomous. (iv) Facilitates expansion and growth. (any two) (1 m each)</p>	
26)	<ul style="list-style-type: none"> a. Pay and allowances b. Productivity linked wage incentives c. Bonus d. Profit sharing e. Co-partnership f. Retirement benefits g. Perquisites <p style="text-align: center;">Or</p> <ul style="list-style-type: none"> a. Status b. Organizational climate c. Career advancement opportunity d. Job enrichment e. Employee recognition programmes f. Job security g. Employee participation h. Employee empowerment 	4
27)	<p>(a) Top level management (1 M)</p> <p>(b) Features of business environment: -</p> <ul style="list-style-type: none"> (1) Dynamic nature–Fashion and taste of the consumer is changing at a fast pace. (2) Uncertainty-It is very difficult for the company to predict future happening. (3) Complexity – It is difficult to know the extent of the relative impact of the social, economic, political, technological or legal factor on decreasing in demand of its products in the market. (Any 2) (½ mark title, ½ mark quotation) 	4

	(c) Business environment helps the manager in coping with rapid changes. (1 M)	
28)	(i) Directing. (1 M) (ii) Motivation. (1 M) (iii) Features of motivation: (a) It is an internal feeling. (b) It produces goal directed behaviour. (c) It can be positive or negative. (d) It is a complex process. (½ mark each)	4
29)	(i) People's behaviour is based on their needs. Satisfaction of such needs influences their behaviour. (ii) People's needs are in hierarchical order, starting from basic needs to other higher-level needs. (iii) A satisfied need can no longer motivate a person; only next higher-level need can motivate him. (iv) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.	4
30)	1. Right to safety 2. Right to Information 3. Right to Choice 4. Right to be heard 5. Right to Seek Redressal 6. Right to consumer Education (any 4) (½ mark title, ½ mark explanation) Or a) Self regulation by business b) Business Associations c) Consumer awareness d) Consumer organizations e) Government (any 4) (½ mark title, ½ mark explanation)	4
31)	1. Universal applicability 2. General guidelines 3. Formed by practice and experimentation 4. Flexible 5. Mainly Behavioral 6. Cause and Effect relationship 7. Contingent (½ mark title, ½ mark explanation) (Any 6)	6
32)	Planning and controlling. (½ Mark each) (1 M) [1] Setting Performance Standards [2] Measurement of Actual Performance. [3] Comparison of Actual Performance with Standards [4] Analyzing deviations [5] Taking	6

	<p>Corrective Action (½ mark title, ½ mark explanation) Or</p> <p>a) Controlling (1 Mark) Controlling means ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being effectively and efficiently for the achievement of predetermined goals. Controlling function of a manager is a pervasive function. It is a primary function of every manager. (1 Mark)</p> <p>b)</p> <p>i. difficult in setting quantitative standards ii. little control on external factors iii. resistance from employees. iv. costly affair. (½ mark title, ½ mark explanation)</p>	
33)	<p>Factors affecting dividend decision: (Any four) (½ mark title, ½ mark explanation, ½ mark quotation)</p> <p>(i) Stability of earnings 'It has been consistently earning good profits for many years.' Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) (ii) Cash Flow position 'There is availability of enough cash in the company'. A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) (iii) Growth Prospects 'Good prospects for growth in the future'. If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) (iv) Shareholders' preference 'It has many shareholders who prefer to receive regular income from their investments'. Shareholder's preference is kept in mind by the management before declaring dividends.</p> <p>(v) (v) Contractual constraints 'It has taken a loan of Rs.40 Lakhs from IDBI andagreement' While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	6

		Or				
		Particulars	Situation 1	Situation 2	Situation 3	
		EBIT	500000	500000	500000	
		- INT	-	100000	200000	1 m
		BT	500000	400000	300000	
		- TAX	150000	120000	90000	
		EAT	350000	280000	210000	1 m
		NO OF SHARE	400000	300000	200000	
		EPS	0.875	0.933	1.05	2 m
		Option 3: with correct justification (2 Marks)				
34)	<ul style="list-style-type: none"> a. Transfer b. Placement agencies and management consultants c. Direct recruitment d. Recommendation of employees e. Campus recruitment (Any 4) (½ mark title, 1 mark explanation) 					6