

शिक्षा निदेशालय, राष्ट्रीय राजधानी क्षेत्र दिल्ली
Directorate of Education, GNCT of Delhi

Suggestive Answers of Practice Paper

कक्षा – XII

Class - XII

व्यवसाय अध्ययन (कोड: 054)

Business Studies (Code: 054)

TERM II (2021-22)

अधिकतम अंक: 40

Maximum Marks: 40

Q. No.	Suggestive Answers	अंक Marks
1.	<p>Workload analysis is the concept which will help the Human Resource Manager in deciding the actual number of persons required in each department.</p> <p>It is related to assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.</p>	2
2.	<p>Commercial Papers may be used by Squib Ltd. as it is a popular short term instrument which is issued by large and credit worthy companies. The instrument is an unsecured promissory note and is freely transferable by endorsement. Its maturity period may range from a fortnight to a year. It is sold at discount and redeemed at par.</p>	2
3	<p>The supervisor may provide Vestibule training to the workers in order to enable them handle their work independently.</p> <p>Vestibule training is a popular method for providing off the job training during which the trainees learn their jobs on the equipment they will be using at their actual work place. This is usually done when employees are required to handle sophisticated machinery and equipment.</p>	2
4	<p>Controlling helps in “Judging accuracy of standards” and “Ensuring order and discipline” as explained below:</p> <ul style="list-style-type: none">• Judging accuracy of standards: An efficient control system enables management to determine whether the standards set are accurate and objective. This is because it helps to review and revise the standards in light the changes taking place in the organisation and in the environment.• Ensuring order and discipline: Controlling helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities. Thus, it creates an atmosphere of order and discipline in the organisation.	2
5	<p>The elements of directing identified in respective cases are:</p> <p>1. Motivation</p>	3

	<p>2. Leadership 3. Communication</p>	
6	<p>Directing helps in efficient and effective functioning of management because:</p> <p>(i) It integrates employees Directing integrates employees' efforts in the organisation in such a way that every individual's efforts contributes to the welfare of the organisation. Thus, it ensures that employees work efficiently for the attainment of goals.</p> <p>(ii) It improves efficiency Directing guides employees to fully realise their potentials and capabilities. Through this function, managers utilise the potential of employees and persuade them to work with the best of their ability and contribute their maximum efforts towards the achievement of organisational objectives.</p> <p>(iii) It facilitates change Business environment is changing very frequently, but the people generally have a tendency to resist change. In this context, directing helps manager to persuade his subordinates to carry out changes from time to time to cope with changes in the environment as the changes are necessary to adapt and it is the need of modern business</p> <p style="text-align: center;">OR</p> <p>Financial incentives refer to incentives which are in direct monetary form and serves to motivate people for better performance. Two financial incentives are:</p> <ol style="list-style-type: none"> i. Pay and allowances: Salary is the basic monetary incentive for every employee. It includes basic pay, dearness allowance and other allowances. ii. Productivity linked wage incentives: Many wage incentives are linked with the increase in productivity at individual or group level. For example, a worker is paid 50 rupees per piece if he produces 50 pieces a day but if he produces more than 50 pieces a day, he is paid 5 rupees extra per piece. Thus, on the 51st piece, he will be paid 55 rupees. 	3
7	<p>The three factors which affect the choice of capital structure of a company are described below:</p> <ul style="list-style-type: none"> • Risk: Financial risk refers to a situation when a company is unable to meet its fixed financial charges. Financial risk of the company increases with the higher use of debt. This is because issue of debt involves fixed commitment in terms of payment of interest and repayment of capital. • Flexibility: Too much dependence on debt reduces the firm's ability to raise debt during unexpected situations. Therefore, it should maintain flexibility by not using debt to its full potential. • Interest Coverage ratio (ICR): The interest coverage ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation. This may be calculated as follows: ICR = EBIT/Interest. If the ratio is higher, lower is the risk of company failing to meet its interest payment obligations hence debt may be issued or vice versa. But besides interest payment related repayment obligations should also be considered. 	3
8	<ol style="list-style-type: none"> 1. The function of management discussed above is controlling. 2. The steps involved in the process of controlling which are discussed in the above paragraph are: <ul style="list-style-type: none"> ○ Setting standards of performance: "concluded that on an average, a worker can assemble ten air-conditioners in a day." "The target volume of the company in a day is assembling of 1,000 units of air-conditioners." ○ Measurement of actual performance: Even then the assembling of air-conditioners per day is 	3

800 units only.”

9	<p>Some of the quality certification marks are:</p> <ol style="list-style-type: none">i. FPO (Fruit Products Order 1955) – It contains specification and quality control requirements regarding the production and marketing of processed fruits and vegetables, sweetened aerated water, vinegar and synthetic syrups.ii. ISI– On consumer durable products. ISI mark is a certification mark for industrial products in India. It is the most popular and recognised certification mark in the Indian subcontinent. This mark ensures that the product conforms to the Indian standards mentioned by the Indian Standard Institute.iii. Hallmark– BIS certification scheme for gold jewellery items.iv. Earthen Pitcher- for Labelling Environment-friendly products.v. AGMARK – It is a grade standard for agricultural commodities and like stock products. <p style="text-align: center;">OR</p> <p>In case of genuineness of the complaint, the court can issue one or more directions to the opposite party. Five reliefs available to Reena, if she complains are</p> <ol style="list-style-type: none">i. To remove defect from goods or services: If there is defect in the goods or services then the court can pass the order to remove defect from goods or services. For example, if there is defect in TV then court can pass the order to remove the defect from TV.ii. To refund the price: If the seller is failed to remove defect from the product, order can be passed to refund the customer. In above example if seller fails to remove defect from TV then court can pass order to refund the price paid by the customer.iii. To replace the defective good with a new one: If the seller is failed to remove defect from the product, order can be passed to replace the product immediately. In above example if seller fails to remove defect from TV then court can pass order to replace the TV immediately.iv. To pay a reasonable amount of compensation for any loss or injury suffered: Seller is liable to pay appropriate compensation if Loss or injury suffered from defective product.v. To pay punitive damages: Punitive damages may be recovered from seller in some cases.	5
10	<p>Instruments of Money Market</p> <ol style="list-style-type: none">(i) Treasury bill (T-bill) It is a short-term instrument for borrowing issued by RBI on behalf of India Government.(ii) Commercial paper A commercial paper is an unsecured instrument issued in the form of a promissory note.(iii) Call money It is a method by which commercial banks borrow from each other.(iv) Certificate of deposit They are unsecured, negotiable, short-term instruments in bearer form, issued by commercial banks.(v) Commercial bill A commercial bill is T a bill of exchange used to finance the working capital requirements of business firms.	5
11	<ol style="list-style-type: none">1. Staffing is the function of management which is being referred to in the above lines. The managerial function of staffing is concerned with obtaining and maintaining a satisfactory and satisfied workforce.2. The step in the process of staffing which has already been carried out is estimating manpower requirements. Estimating the Manpower Requirements: It is the first step in the staffing process and is carried out with the help of workload analysis (assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives) and work force analysis (assessment of the number and type available). The next three steps to be performed after estimating manpower requirements are described below:<ul style="list-style-type: none">o Recruitment: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.o Selection: Selection is the process of choosing the best candidate from the pool of applicants.	5

	<ul style="list-style-type: none"> ○ Placement and Orientation: Placement refers to the process of giving the charge of the job for which they have been appointed. Orientation may involve a series of activities related to introducing the new employee to other employees and familiarising him with the rules and policies of the organisation. Moreover, he is taken around the workplace and made aware of the fire safety policy, canteen, conference room etc. 	
12	<ol style="list-style-type: none"> 1. Investment decision has been taken by Arun. Investment decision seeks to determine as to how the firm's funds are invested in different assets. It helps to evaluate new investment proposals and select the best option on the basis of associated risk and return. Investment decision can be long term or short-term. A long-term investment decision is also called a Capital Budgeting decision 2. The three factors mentioned in the paragraph which are likely to reduce the working capital requirements of his business are as follows: . <ul style="list-style-type: none"> ○ Availability of raw material: As there is easy availability of Sandalwood which is used as the base material for production, the working capital requirements of his business will be less as there is no need to stock the raw materials. ○ Production cycle: The production cycle is shorter and less time is required to manufacture incense sticks. Thus, the working capital requirements of his business will be low. ○ Credit availed: Due to the fact that the suppliers of other types of raw material needed for production follow a liberal credit policy, the business can be operated on minimum working capital. <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 1. As a financial manager of the company, I will opt for debt to raise the required amount of capital. I support my decision by giving the following reasons: <ul style="list-style-type: none"> ○ Interest coverage ratio: The interest coverage ratio of the company is high so it can easily meet its fixed commitment of payment of interest and repayment of capital. ○ Tax rate: The tax rate is high which makes debt relatively cheaper as the amount of interest paid on debt is treated as a tax deductible expense. 2. The shareholders of the company are likely to gain from the issue of debt by the company because the return on investment is higher. It helps a company to take advantage of trading on equity to increase the earnings per share. 	5