

# **CLASS 12 CBSE BUSINESS STUDIES**

## **MODEL ANSWER KEY – (SET- 3)**

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### **Section A – MCQs (1 × 20 = 20 Marks)**

1. **b) Mental exercise**
2. **b) Fayol**
3. **c) Authority, Responsibility and Accountability**
4. **b) Dispersal of authority**
5. **b) Positive**
6. **a) Current performance**
7. **c) Capital budgeting decision**
8. **b) Owners**
9. **c) Equity Shares**
10. **c) Place**
11. **c) Sender**
12. **c) Promotion**
13. **c) Both forward and backward looking**
14. **a) Evaluation**
15. **b) Regulate securities market**
16. **b) New securities**
17. **b) Branding**
18. **a) Product**
19. **c) Six consumer rights**
20. **a) ₹50 lakh**

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### **Section B – Short Answer I (3 Marks Each)**

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## 21. Features of Planning (Any Three)

1. **Planning is Pervasive** – It is required at all levels of management.
  2. **Planning is Continuous** – It is an ongoing process.
  3. **Planning is a Mental Exercise** – It involves thinking before doing.
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## 22. Principles of Scientific Management (Any Three)

1. **Science, Not Rule of Thumb** – Replace old methods with scientific techniques.
  2. **Harmony, Not Discord** – Promote cooperation between management and workers.
  3. **Development of Each Person to His Greatest Efficiency** – Provide proper training.
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## 23. Objectives of Financial Planning

1. Ensure availability of funds
  2. Proper utilisation of funds
  3. Avoid over and under capitalisation
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## 24. Difference Between Authority and Responsibility

<b>Basis</b>	<b>Authority</b>	<b>Responsibility</b>
Meaning	Right to give orders	Obligation to perform
Flow	Downward	Upward
Delegation	Can be delegated	Cannot be delegated fully

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## 25. Functions of SEBI (Any Three)

1. Regulates stock exchanges
2. Protects investors
3. Prevents unfair trade practices

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**26. Elements of Promotion Mix (Any Three)**

1. Advertising
2. Personal Selling
3. Sales Promotion

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**Section C – Short Answer II (4 Marks Each)**

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**27. Steps in Planning Process**

1. Setting Objectives
2. Developing Premises
3. Identifying Alternatives
4. Evaluating Alternatives
5. Selecting the Best Alternative
6. Implementing the Plan
7. Follow-up Action

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**28. Herzberg's Motivation Theory**

Herzberg classified factors into:

1. **Hygiene Factors** – Salary, job security, working conditions. Absence causes dissatisfaction.
2. **Motivational Factors** – Recognition, achievement, growth. Presence increases satisfaction.

Both factors influence employee motivation differently.

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**29. Factors Affecting Dividend Decision (Any Four)**

1. Earnings of the Company
2. Stability of Earnings
3. Growth Opportunities

#### 4. Cash Flow Position

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### 30. Four Rights of Consumers

1. Right to Safety
  2. Right to Information
  3. Right to Choose
  4. Right to Seek Redressal
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### 31. Difference Between Primary and Secondary Market

Basis	Primary Market	Secondary Market
Meaning	New securities issued	Existing securities traded
Capital Formation	Yes	No
Participants	Company & Investors	Investors only

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### Section D – Long Answers

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### 32. Importance of Organising

Organising is the process of identifying and grouping activities, assigning duties, and establishing authority relationships for achieving organisational objectives efficiently. It follows planning and provides structure to the organisation.

Organising is important because it clarifies working relationships among employees. It avoids duplication of work and confusion regarding authority. Through departmentalisation, similar activities are grouped together which ensures specialisation and efficiency.

It promotes optimum utilisation of resources by assigning tasks according to employee skills. Organising facilitates coordination among different departments and ensures smooth functioning.

It also provides stability to the organisation. Even if employees leave, structure remains intact. Moreover, organising helps in effective delegation and decentralisation, leading to faster decision-making.

Thus, organising creates a systematic framework that helps in achieving goals effectively and efficiently.

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### **33. Staffing Process**

Staffing refers to the process of filling and keeping positions in the organisation structure.

The first step is manpower planning, where future manpower requirements are estimated. Recruitment follows, which involves attracting potential candidates. Selection is the next step where the most suitable candidate is chosen through tests and interviews.

After selection, placement and orientation help employees adjust to the organisation. Training and development improve skills and future performance. Performance appraisal evaluates employee efficiency. Promotion and career planning provide growth opportunities.

Staffing ensures right person at right job, increases productivity and improves organisational efficiency.

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### **34. Marketing Mix (4Ps)**

Marketing mix refers to the combination of four elements used to satisfy customer needs.

1. **Product** – Goods or services offered to customers. It includes quality, design, branding and packaging.
2. **Price** – Amount charged for the product. It determines revenue.
3. **Place** – Distribution channels through which product reaches customers.
4. **Promotion** – Communication tools like advertising and personal selling.

Proper coordination of these elements ensures customer satisfaction and profit maximisation.

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### **35. Factors Affecting Working Capital**

Working capital is required for day-to-day operations.

Important factors include:

1. Nature of Business

2. Scale of Operations
3. Production Cycle
4. Credit Policy
5. Business Cycle
6. Inventory Turnover
7. Seasonal Factors