

# **CLASS 12 CBSE BUSINESS STUDIES**

## **MODEL ANSWER KEY – SET 9**

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

1. **b) Setting objectives**
2. **b) Chain of command**
3. **a) Establishing reporting relationships**
4. **b) Positive process**
5. **c) Directing**
6. **b) Debt-equity mix**
7. **c) Both (a) and (b)**
8. **b) Capital Market**
9. **a) Product development**
10. **b) Exploitation**
11. **b) Setting standards**
12. **b) Top to bottom**
13. **a) Faster decision-making**
14. **a) Liquidity position**
15. **b) Internal source**
16. **b) Mass communication**
17. **b) State Commission**
18. **b) Quick decision making**
19. **a) Production cycle lengthens**
20. **b) Influence people**

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

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## 21. Features of Planning (Any Three with Examples)

1. **Pervasive** – Planning is required at all levels. For example, top management sets strategic goals while supervisors plan daily activities.
  2. **Continuous Process** – Plans are reviewed and modified according to changing conditions.
  3. **Mental Exercise** – Planning involves thinking before acting, such as forecasting demand before production.
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## 22. Principles of Scientific Management (Any Three)

1. **Science, Not Rule of Thumb** – Replace traditional methods with scientific techniques.
  2. **Harmony, Not Discord** – Promote cooperation between management and workers.
  3. **Cooperation, Not Individualism** – Management and workers should work together.
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## 23. Objectives of Financial Management

1. Wealth maximisation
  2. Ensuring adequate funds
  3. Proper utilisation of funds
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## 24. Delegation vs Decentralisation

<b>Basis</b>	<b>Delegation</b>	<b>Decentralisation</b>
Meaning	Transfer of authority to subordinates	Systematic dispersal of authority
Scope	Individual level	Organisation-wide
Accountability	Remains with superior	Shared across levels

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## 25. Functions of SEBI

1. Regulates stock exchanges

2. Protects investors
  3. Prevents unfair trade practices
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### **26. Tools of Promotion Mix**

1. Advertising
  2. Personal Selling
  3. Sales Promotion
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### **Section C – Short Answer II (4 Marks)**

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### **27. Steps in Planning Process**

1. Setting Objectives
  2. Developing Premises
  3. Identifying Alternatives
  4. Evaluating Alternatives
  5. Selecting Best Alternative
  6. Implementing Plan
  7. Follow-up Action
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### **28. Maslow's Need Hierarchy Theory**

Maslow classified human needs into five levels:

1. Physiological needs
  2. Safety needs
  3. Social needs
  4. Esteem needs
  5. Self-actualisation needs
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## 29. Factors Affecting Capital Structure

1. Cost of debt
  2. Risk consideration
  3. Cash flow position
  4. Control consideration
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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. Money Market vs Capital Market

Basis	Money Market	Capital Market
Duration	Short-term	Long-term
Instruments	T-bills, CP	Shares, Debentures
Risk	Low	Comparatively higher

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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 to achieve organisational objectives efficiently. It provides structure to the organisation after planning.

Organising clarifies working relationships and ensures that every employee knows his duties and responsibilities. This avoids confusion and duplication of work. Through

departmentalisation, similar activities are grouped together which promotes specialisation and efficiency.

Organising ensures optimum utilisation of resources by assigning tasks according to employee competence. It also facilitates coordination among departments by clearly defining authority and communication channels.

Another advantage of organising is that it enables delegation and decentralisation. Authority can be distributed to lower levels, leading to faster decision-making and reducing burden on top management. It increases employee motivation and initiative.

Thus, organising creates a systematic structure that improves efficiency, coordination and achievement of organisational goals.

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### **33. Staffing Process with Steps and Importance**

Staffing refers to the process of filling and keeping positions in the organisation structure. It ensures that the right person is placed at the right job at the right time.

The first step is manpower planning, where future manpower requirements are estimated. Recruitment follows, which involves attracting suitable candidates from internal and external sources. Selection is choosing the most appropriate candidate through tests and interviews.

After selection, placement assigns the job role and orientation familiarises employees with organisational culture. Training and development improve knowledge and skills. Performance appraisal evaluates employee efficiency and determines promotions and rewards.

Staffing is important because human resources are the most valuable asset of an organisation. Efficient staffing increases productivity, improves employee morale and ensures long-term growth and achievement of organisational objectives.

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

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

Product includes quality, features, branding and packaging. Price determines revenue and depends on cost and competition. Place ensures product availability through effective distribution channels. Promotion includes advertising, personal selling and sales promotion.

Proper coordination of these four elements ensures customer satisfaction and competitive advantage.

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

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

Nature of business affects requirement; manufacturing firms need more capital. Scale of operations also influences requirement. Production cycle length increases working capital need.

Credit policy affects receivables; liberal credit increases capital requirement. Business cycle and inventory turnover also affect working capital.

Proper management ensures liquidity and profitability balance.