

ISC Solved Paper 2022 Semester-2

Business Studies

Class-XII

(Maximum Marks : 40)

(Time allowed : One and a half hours)

(Candidates are allowed additional 10 minutes for only reading the paper.

They must NOT start writing during this time.

Answer all questions in Section A, Section B and Section C.
The intended marks for questions or parts of questions are given in brackets [].

SECTION - A

[8 Marks]

1. (i) _____ refers to that part of the communication process, where the sender puts his/her ideas or facts into words, symbols, pictures or gestures that can be understood by the receiver. [1]
- (ii) _____ should be enclosed along with job application. [1]
- (iii) What is the minimum and maximum number of partners in a partnership firm? [1]
- (iv) Briefly explain *peer to peer funding*. [1]
- (v) _____ is a type of outsourcing used to get the high-end knowledge work done. [1]
- (a) BPO (b) IPO
(c) LPO (d) KPO
- (vi) Explain the *consumer-to-consumer mode of conducting online business*. [1]
- (vii) Name *any two* types of banks that are intermediaries of RBI. [1]
- (viii) Expand the following: [1]
- (a) GDR (b) NBFC

- Ans. (i) Encoding
(ii) Cover letter

- (iii) Minimum two and maximum fifty partners are allowed in a partnership firm.
- (iv) Peer-to-peer funding is a method of debt financing that enables individuals to borrow and lend money without the use of an official financial institution as an intermediary.
- (v) Option (d) is correct.

Explanation: KPO is an extension of Business Process Outsourcing (BPO) because BPO industry is shaping into knowledge process outsourcing because of its advantageous and favourable future scope.

- (vi) C2C means Consumer to Consumer/Customer to Customer. This relates to electronic buying and selling of goods and services between consumers with no business organisation in between. Example: OLX.
- (vii) Indian Banks Local Area Banks (LABs); Small Finance Banks (SFBs).
- (viii) GDR – Global Depository Receipt;
NBFC – Non-Banking Financial Company.

SECTION - B

[12 Marks]

2. With reference to communication, explain *feedback*. State *any one* relevance of feedback in the process of communication. [2]

Ans. Feedback ensures that the receiver understood the message in the way the sender wanted the message to be understood. Feedback is also known as reaction and responses. The source can judge by the reaction if the message was received correctly. Feedback is considered to be the key element in communication as it is the only way of judging the effectiveness of the message. Feedback indicates the knowledge about the outcome of communication.

3. List *any two* uses of an e-mail. [2]

Ans. The uses of e-mail are:

- (i) e-mail is accessible from anywhere – as long as you have an internet connection.
- (ii) e-mail is paperless, and therefore, beneficial for the environment.
- (iii) e-mail allows for mass sending of messages.
- (iv) e-mail allows for instant access to information and files.
- (v) e-mail is simple. It is easy to use.
- (vi) e-mail allows for easy referencing. Messages that have been sent and received can be stored and searched safely and easily. (Any two)

4. State any two differences between Private Limited Company and Public Limited Company. [2]

Ans. Difference between Public Limited Company and Private Limited Company

Basis of difference	Public Limited Company	Private Limited Company
Meaning	A Public Company refers to a company that is listed on a recognised stock exchange and traded publicly.	A Private Limited Company is one that is not listed on a stock exchange and is held privately by the members.
Minimum Members	There must be at least seven members to start a public company.	A private company can be started with minimum two members.
Maximum Members	There is no ceiling on the maximum number of members in a public company.	A private company can have a maximum of 200 members, subject to certain conditions.
No. of Directors	A public company should have at least 3 directors.	The private company can have a minimum of 2 directors.
Subscription from public	A public company can invite the general public for subscribing shares of the company.	A private company has no right to invite public for subscription.
Transferability of Shares	The shareholders of a public company can freely transfer their shares.	The transferability of shares of a private company is completely restricted.
Starting of Business	To start a business, a public company needs a certificate of commencement of business after it is incorporated.	A private company can start its business just after receiving a certificate of incorporation.

(Any two)

5. What is meant by globalisation in business? [2]

Ans. Globalisation means the integration of the various economies of the world leading towards the emergence of a cohesive global economy. Globalisation refers to the integration of markets in the global economy, leading to the increased interconnectedness of national economies.

6. Briefly explain the concept of retained profits. [2]

Ans. A company generally does not distribute all its earnings amongst the shareholders as dividends. A portion of the net earnings may be retained in the business for use in the future. This is known as retained earnings. [2]

7. (i) Why are preference shares called hybrid securities? [2]

Ans. Preference shares carry preferential rights on receiving dividends and refund of capital at the time of winding up. Cautious investors buy preference shares. They contain features of both, equity shares and debentures and hence they are called hybrid security.

OR

(ii) Briefly explain the role of stock broker as an intermediary. [2]

Ans. A stock broker is a regulated professional individual, usually associated with a brokerage firm or broker-dealer, who buys and sells stocks and other securities for both retail and institutional clients through a stock exchange or over the counter in return for a fee or commission.

SECTION - C

[20 Marks]

8. Although gestural communication aids oral communication in conveying the message, it has certain limitations. [4]

State any two advantages and any two disadvantages of gestural communication.

Ans. Gestural Communication: It means communication through gestures or various parts of human body. It is also called body language.

Advantages:

(i) It is faster than oral and written communication.

(ii) It is less expensive.

(iii) Gestures can be used to supplement spoken words.

(iv) Gestural communication can be kept confidential more easily. (Any two)

Disadvantages:

(i) They can create misunderstanding.

(ii) It can be used only during face-to-face communication.

(iii) A person may not be good at communicating through gestures.

(iv) It is a complete method of communication.

(Any two)

9. Which institution regulates Insurance Agents and Insurance Companies? Explain these two intermediaries. [4]

Ans. Insurance Regulatory and Development Authority of India (IRDAI) regulates the Insurance Agents and Insurance Companies under the IRDAI Act, 1999.

An insurance company is a company that offers insurance policies to the public, either by selling directly to an individual or through another source such as an employee's benefit plan. An insurance company is usually comprised of multiple insurance agents. An insurance company can specialise in one type of insurance, such as life insurance, health insurance, or auto insurance, or offer multiple types of insurance.

An insurance agent is a specialist in insurance and risk management. Agents act on behalf of their clients and provide interests of their clients.

10. Akshay is planning to start manufacturing of educational toys for children. He has some savings and has also borrowed some money from his friends and relatives to invest in this business. However, he needs more money to start the business.

Name and explain any two sources of business finance available to him. [4]

Ans. Akshay has already utilised internal sources of finance like personal savings and loan from friends and family. As his business is new, he does not have options like retained earnings or issue of shares. Hence he can try for the following options:

(i) Bank loan: A bank loan is an amount of money borrowed for a set period within an agreed repayment schedule. The repayment amount will depend on the size and duration of the loan and the rate of interest. Many businesses use bank loans as a suitable part of their financial structure. In fact, bank loans tend to be more available for well-established and growing businesses rather than start-up businesses.

(ii) Angel investors: Angel investors are wealthy individuals or groups of individuals who invest money or equity financing in start-up or early stage small businesses. They are investors who usually provide private equity or second round funding for growing, profitable small businesses who need money to expand.

(iii) Venture capital: Venture capital is financing in the form of seed capital to the start-up companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks and any other financial institutions. However, it does not always take just a monetary form; it can be provided in the form of technical or managerial expertise. Venture capital provides long-term,

committed share capital, to help unquoted companies grow and succeed. (Any two)

11. Discuss the types of communication on the basis of area of operation. [4]

Ans. (i) Internal Communication: Internal communication is about promoting effective communication among people within an organisation. Internal communication is the transmission of information within an organisation. It is communication among employees. Internal communication is the sharing of the information, knowledge, ideas and beliefs between the members of the company.

External Communication: When there is a communication between members of the organisation, with the outside party, it is said to be external communication. When a business organisation exchanges information with other business organisations, government offices, banks, insurance companies, customers, suppliers, leaders and general people and so on, it is known as external communication.

12. Manohar is a supervisor at the manufacturing unit of an automobile company. Most of his subordinates are not well educated. Manohar often finds that they are unable to understand his instructions.

Identify the barrier to communication in the given context. Suggest any three ways to overcome this barrier. [4]

OR

Aamir runs a grocery shop started by his grandfather.

As online business is becoming popular, Aamir's son Imran wants to stop physical sale of groceries and go for online sale.

State any four benefits to the business if Imran stops physical sale and starts online sale of groceries. [4]

Ans. Manohar is unable to communicate properly with his subordinates as they are unable to understand his instructions. This can be the personal barrier or language barrier.

Measures to overcome communication barriers:

(i) Clarify the ideas before communicating: The problem to be communicated to subordinates should be clear in all its perspective to the executive himself. The entire problem should be studied in depth, analysed and stated in such a manner that is clearly conveyed to subordinates.

(ii) Communicate according to the needs of receiver: The level of understanding of receiver should be crystal clear to the communicator. Manager should adjust his communication according to the education and understanding levels of subordinates.

- (iii) **Consult others before communicating:** Before actually communicating the message, it is better to involve others in developing a plan for communication. Participation and involvement of subordinates may help to gain ready acceptance and willing cooperation of subordinates.
- (iv) **Be aware of languages, tone and content of message:** The contents of the message, tone, and language used, manner in which the message is to be communicated are the important aspects of effective communication. The language used should be understandable to the receiver and should not offend the sentiments of listeners. The message should be stimulating to evoke response from the listeners.
- (v) **Convey things of help and value to listeners:** While conveying message to others, it is better to know the interests and needs of the people with whom you are communicating. If the message relates directly or indirectly to such interests and needs, it certainly evokes response from the communicatees.
- (vi) **Ensure proper feedback:** The communicator may ensure the success of communication by asking questions regarding the message conveyed. The receiver of communication may also be encouraged to respond to communication. The communication process may be improved by the feedback received to make it more responsive.
- (vii) **Communicate for present as well as future:** Generally, communication is needed to meet the existing commitments, to maintain consistency. The communication should aim at future goals of the enterprise as well.
- (viii) **Follow up communications:** There should be a regular follow up and review on the instructions given to subordinates. Such follow up measures help in removing hurdles, if any, in implementing the instructions.
- (ix) **Be a good listener:** Manager should be a good listener. Patient and attentive listening solves half of the problems. Managers should also

give indications of their interest in listening to their subordinates. **(Any three)**

OR

Ans. Amir's son Imran is likely to start an e-Business. e-Business is any kind of business or commercial transaction that includes sharing information across the internet.

Benefits of e-Business: (Any four)

- (i) **Ease of formation and lower investment requirements:** Unlike a host of procedural requirements for setting up an industry, e-Business is relatively easy to start. The benefits of internet technology accrue to big or small business alike.
- (ii) **Convenience:** Internet offers the convenience of '24 hours × 7 days a week × 365 days' a year business. Such flexibility is available even to the organisational personnel whereby they can work from wherever they are, and whenever they may want to do it. e-Business is truly a business as enabled and enhanced by technology and offers the advantage of accessing anything, anywhere, anytime.
- (iii) **Speed:** Much of the buying or selling involves exchange of information that internet allows at the click of a mouse. This benefit becomes all the more attractive in the case of information intensive products such as software, movies, music, e-books and journals that can even be delivered online.
- (iv) **Global reach:** Internet is truly without boundaries. On one hand, it allows the seller an access to the global market; on the other hand, it provides the buyer a freedom to choose products from almost any part of the world. It would not be an exaggeration to say that in the absence of internet, globalisation would have been considerably restricted in scope and speed.
- (v) **Movement towards a paperless society:** Use of internet has considerably reduced dependence on paperwork and the attendant 'red tape'. The government departments and regulatory authorities are increasingly moving in this direction whereby they allow electronic filing of returns and reports. **(Any four)**

