

## Senior School Certificate Examination.

March -----2014-15

Marking Scheme---Business Studies (Delhi) 66/1/1, 66/1/2, 66/1/3.

### General Instructions:

1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.
2. Evaluation is to be done as per instructions provided in the marking scheme.
3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.
4. If a question does not have parts, marks be awarded in the left hand margin.
5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.
6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.
7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.
9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.
10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 30 marks, then the marks should not be inflated to 33 simply to pass him/ her.
11. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.
12. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.
13. In compliance to the judgement of Hon'ble Supreme Court of India, Board has decided to provide photocopy of the answer book(s) to the candidates who will apply for it along with the requisite fee from 2012 examination. Therefore, it is all the more important that the evaluation is done strictly as per the value points given in the marking scheme so that the Board could be in a position to defend the evaluation in any forum.
14. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.
15. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

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66/1/1	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES <u>DELHI-66/1/1</u> EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRIBU- TION OF MARKS</p>
1	<p><b>Q. What is meant by ‘efficiency’ in management?</b></p> <p><b>Ans.</b> Efficiency means doing the task correctly and with minimum cost.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p>	<p style="text-align: center;"><b>1 mark</b></p>
2	<p><b>Q. How does management help in achieving personal objectives? State.</b></p> <p><b>Ans.</b> Management helps in achieving personal objectives by motivating and leading in such a way that the individual members are able to achieve personal goals while contributing to the overall organisational objectives.</p>	<p style="text-align: center;"><b>1 mark</b></p>
3	<p><b>Q. Define ‘ planning premises’.</b></p> <p><b>Ans.</b> Planning premises are the assumptions made about the future on the basis of which the plans are drawn.</p>	<p style="text-align: center;"><b>1 mark</b></p>
4	<p><b>Q. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.</b></p> <p><b>Name the function of management discussed above.</b></p> <p><b>Ans.</b> Organising.</p>	<p style="text-align: center;"><b>1 mark</b></p>
5	<p><b>Q. Explain how ‘ cost of debt’ affects the choice of capital structure of a company.</b></p> <p><b>Ans.</b> ‘Cost of debt’ affects the choice of capital structure of a company as low interest rates increase a firm’s capacity to employ higher debt.</p>	<p style="text-align: center;"><b>1 mark</b></p>
6	<p><b>Q. ‘ Indian Logistics’ has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time.</b></p> <p><b>State with reason, whether the working capital requirements of ‘Indian Logistics’ will be high or low.</b></p> <p><b>Ans.</b> Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;"><math>\frac{1}{2}</math> mark for identification + <math>\frac{1}{2}</math> mark for reason = <math>\frac{1}{2} + \frac{1}{2}</math> = <b>1 mark</b></p>
7	<p><b>Q. ‘ Beauty Products Ltd’ is a natural and ethical beauty brand famous for</b></p>	

	<p>offering organic beauty products for men and women. The company uses plant based materials for its products and is the No.1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet.</p> <p>Identify the marketing management philosophy being followed by 'Beauty Products Ltd.'</p> <p>Ans. Societal marketing concept.</p>	1 mark
8	<p><b>Q. On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.</b></p> <p><b>Can Sonika appeal against the decision of the district forum? Give reason in support of your answer.</b></p> <p>Ans. No, Sonika cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the district forum.</p>	$\frac{1}{2} + \frac{1}{2}$ $=$ <b>1 mark</b>
9	<p><b>Q. What is meant by 'functional structure' of an organization? State its any two advantages.</b></p> <p><b>Ans. Functional structure</b> is an organisational structure formed by grouping of jobs of similar nature under functions and organising these major functions as separate departments like production, finance etc.</p> <p><u>Advantages: (any two)</u></p> <p>(a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions.</p> <p>(b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(c) It increases <u>managerial and operational efficiency</u>.</p> <p>(d) It <u>lowers cost</u> as it reduces duplication of effort.</p> <p>(e) It makes <u>training of employees easier</u> as it focuses on a limited range of skills.</p> <p>(f) It ensures that different <u>functions get due attention</u>.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<b>1 mark for the meaning</b>  $+$  <b>1 mark for each statement</b> $=$ $1 \times 2$ $=$ <b>2 marks</b> $=$ $1+2$ $=$ <b>3 marks</b>
10	<p><b>Q. Explain how the 'product related factors' affect the choice of channels of distribution?</b></p>	½ mark for

	<p><b>Ans.</b> <u>Product related factors which affect the choice of channels of distribution (any three):</u>          (i) Nature of Product.          (ii) Perishability of Product.          (iii) Value of Product.          (iv) Complexity of Product.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p>	<p><b>the heading</b>          +  <math>\frac{1}{2}</math> mark for each explanation          =  <math>1 \times 3</math>          =  <b>3marks</b></p>
11	<p><b>Q.</b> Pramod was a supervisor at ‘ Annapurna Aata’ factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group.  <b>Identify and describe the leadership style being adopted by Pramod.</b></p> <p><b>Ans.</b> Democratic style of leadership.</p> <ul style="list-style-type: none"> <li>▪ A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.</li> <li>▪ Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.</li> </ul>	<p><b>1 mark for identification</b>          +  <b>1 mark for each point of description</b>          =  <math>1 \times 2</math>          =  <b>2 marks</b>          =  <math>1+2</math>          =  <b>3 marks</b></p>
12	<p><b>Q.</b> ‘ Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions’ Explain any three such functions.</p> <p><b>Ans.</b> <u>Financial market plays an important role in the allocation of scarce resources in an economy by performing the following functions: (Any three)</u></p> <p>(i) Mobilisation of savings and channelising them into most productive use.          (ii) Facilitating price determination/ discovery.          (iii) Providing liquidity to financial assets.          (iv) Reducing the cost of transactions.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p>	<p><math>\frac{1}{2}</math> mark for the heading          +  <math>\frac{1}{2}</math> mark for each explanation          = <math>1 \times 3</math>          =  <b>3 marks</b></p>
13	<p><b>Q.</b> Neeraj, a sales representative of ‘ Omida Ltd’ has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a mis-understanding between him and his clients.</p>	<p><b>1 mark for identifying the barrier</b>          +  <math>\frac{1}{2}</math> mark for naming</p>

	<p>(a) Identify the communication barrier discussed above.  (b) State the category of this communication barrier.  (c) Explain any other communication barrier of the same category.</p> <p><b>Ans.</b> (a) Badly expressed message.</p> <p>(b) Semantic barrier which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.</p> <p>(c) Other barriers in the same category are: <b>(Any one)</b>  (i) Symbols with different meanings  (ii) Faulty translations  (iii) Unclarified assumptions  (iv) Technical jargon  (v) Body language and gesture decoding</p>	<p>the category of barrier  +  ½ mark for stating the category of the barrier  +  (½ mark for naming another barrier  +  ½ mark for its explanation)  =  1+1+1  =  3marks</p>
14	<p><b>Q. What is meant by 'business environment'? State any three points of its importance.</b></p> <p><b>Ans. Business environment</b> means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.</p> <p><u>Importance of business environment: (Any three)</u></p> <ol style="list-style-type: none"> <li>1. It helps to <u>identify opportunities and getting the first mover advantage</u> instead of losing them to the competitors.</li> <li>2. It helps to <u>identify threats</u> on time which serves as an early warning signal.</li> <li>3. It helps in <u>tapping useful resources</u> so that it can convert them into output that the environment desires.</li> <li>4. It helps in <u>coping with rapid changes</u> in an increasingly dynamic environment.</li> <li>5. It helps in <u>assisting in planning and policy formulation</u>.</li> <li>6. It helps in <u>improving performance</u> by continuously monitoring the environment and adopting suitable practices.</li> </ol> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark for the meaning</b>  +  <b>1 mark for each statement</b>  =  1 x 3  <b>3 marks</b>  =  1+3  =  <b>4 marks</b></p>
15	<p><b>Q. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:</b>  (a) Right to be informed; and  (b) Right to seek redressal.</p> <p><b>Ans. (a) Right to be informed:</b></p> <ul style="list-style-type: none"> <li>▪ The consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity etc.</li> <li>▪ It is because of this reason that the legal framework in India requires the</li> </ul>	<p><b>2 marks</b></p>

	<p>manufacturers to provide such information on the package and label of the product.</p> <p>(b) <u>Right to seek redressal:</u></p> <ul style="list-style-type: none"> <li>▪ The consumer has a <u>right to get relief</u> in case the product or service falls short of his expectations.</li> <li>▪ The Consumer Protection Act provides relief to customers such as <u>replacement</u> of product, <u>removal of defect</u> in the product, <u>compensation</u> for any loss or injury suffered by the consumer.</li> </ul>	<p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>
16	<p><b>Q. Samir Gupta started a telecommunication company, ‘ Donira Ltd.’ to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.</b></p> <p><b>(a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.</b></p> <p><b>(b) Also explain any three points of importance of this concept.</b></p> <p><b>Ans. (a) Decentralisation.</b></p> <p><b>(b) <u>Importance of decentralisation:</u> (Any three)</b></p> <p>(i) Develops initiative among subordinates.  (ii) Develops managerial talent for the future.  (iii) Quick decision making.  (iv) Relief to top management.  (v) Facilitates growth.  (vi) Better control.</p> <p><b>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p><b>1 mark for identifying the concept</b></p> <p>+</p> <p><b>(½ mark for the heading</b></p> <p>+</p> <p><b>½ mark for its explanation)</b></p> <p>=</p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>1+3</b></p> <p>=</p> <p><b>4 marks</b></p>
17	<p><b>Q. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor. The supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently?</b></p> <p><b>Also state any three benefits that the workers will derive by the decision of the supervisor.</b></p>	

	<p><b>Ans.</b> <u>Training of employees/ Vestibule training/ On the job training.</u></p> <p><u>Benefits the workers will derive by the decision of the supervisor: (Any three)</u></p> <p>(a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge.</p> <p>(b) It helps them to <u>earn more</u> due to improved performance.</p> <p>(c) It <u>reduces accidents</u> as the employees are more efficient to handle machines.</p> <p>(d) It <u>increases the morale</u> of the employees as the employees are more satisfied.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark</b></p> <p>+</p> <p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>1+3</b></p> <p>=</p> <p><b>4 marks</b></p>
18	<p><b>Q. 'Aapka Vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.</b></p> <p><b>(a) Identify the principle of management applied for the success of the programme.</b></p> <p><b>(b) State any two features of management highlighted in the above para.</b></p> <p><b>(c) Identify any two values which 'Aapka Vidyalaya' communicated to the society.</b></p> <p><b>Ans.</b> (a) <u>Principle of management - Espirit de corps.</u></p> <p>(b) <u>Features of management: (Any two)</u></p> <p>(i) MANAGEMENT IS PERVASIVE.</p> <p><i>'...he asked his father to apply the same principle in his business'.</i></p> <p>Management is pervasive as it can be applied to all types/ levels of organisations.</p> <p>(ii) MANAGEMENT IS A GROUP ACTIVITY</p> <p><i>'There was a spirit of unity and harmony and all members supported each other.'</i></p>	<p><b>1 mark for identifying the principle</b></p> <p>+</p>



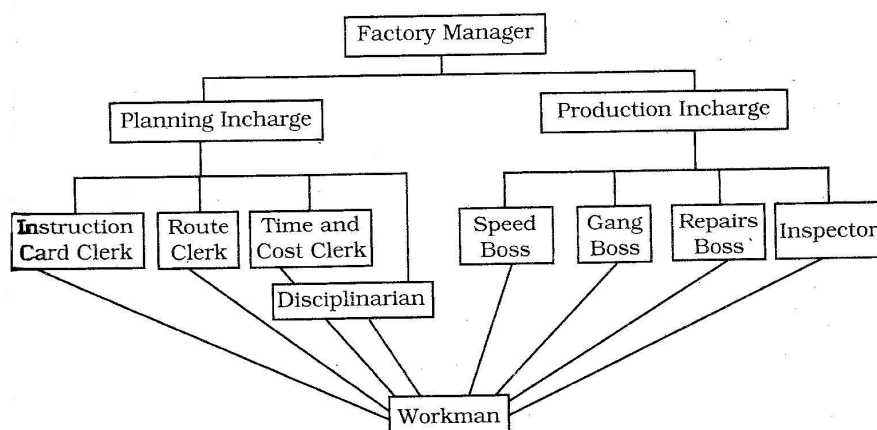
	<p>Management is a group activity because it requires team work and/or coordination of individual efforts.</p> <p>(iii) MANAGEMENT IS GOAL ORIENTED.</p> <p><i>‘...the programme was systematically planned and executed’.</i></p> <p>Management is goal oriented as it unites the efforts of different individuals towards achieving organisational goals.</p> <p>(iv) MANAGEMENT IS MULTI-DIMENSIONAL</p> <p><i>‘...programme was systematically planned and executed’.</i></p> <p><b>OR</b></p> <p><i>‘There was a spirit of unity and harmony and all members supported each other’.</i></p> <p>Management is multi-dimensional as it involves management of work, people and operations.</p> <p>(v) MANAGEMENT IS INTANGIBLE</p> <p><i>‘With mutual trust and belongingness....’.</i></p> <p><b>OR</b></p> <p><i>‘There was a spirit of unity and harmony and all members supported each other’.</i></p> <p>Management is intangible as it cannot be seen but its presence can be felt in the way the organisation functions.</p> <p><b>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</b></p> <p>(c) <u>Values being communicated to the society: (Any two)</u></p> <p>(i) Concern for the environment.  (ii) Holistic development of children.  (iii) Teamwork</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p><math>\frac{1}{2}</math> mark for stating each feature  =</p> <p><math>(\frac{1}{2} \times 2)</math>  =</p> <p><b>1 mark</b></p> <p style="text-align: center;">+</p> <p><b>1 mark for each value</b>  =</p> <p><b>(1 x 2)</b>  =</p> <p><b>2 marks</b>  =</p> <p><b>1+1+2</b>  =</p> <p><b>4 marks</b></p>
19	<p><b>Q. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares.</b></p>	<p><b>1 mark for</b></p>



	<p>The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.</p> <p>(a) Name and explain the money-market instrument the company can use for the above purpose.</p> <p>(b) What is the duration for which the company can get funds through this instrument?</p> <p>(c) State any other purpose for which this instrument can be used.</p> <p><b>Ans.</b> (a) <u>Commercial paper.</u> It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p>naming the instrument + 1 mark for its explanation + 1 mark for duration + 1 mark for any other purpose = 1+1+1+1 = 4 marks</p>
20	<p><b>Q. State any five features of 'Planning'.</b></p> <p><b>Ans.</b> <u>Features of planning: (Any five)</u></p> <p>(i) It focuses on <u>achieving organisational objectives.</u></p> <p>(ii) It is the <u>primary function</u> of management as it lays down the basis for all other functions of management.</p> <p>(iii) It is <u>pervasive</u> as it is required in all organisations, at all levels and in all departments.</p> <p>(iv) It is <u>continuous</u> because a plan is framed, implemented and is followed by another plan.</p> <p>(v) It is <u>futuristic</u> as it involves looking ahead and preparing for the future.</p> <p>(vi) It <u>involves decision making</u> as it involves a choice from among the various alternative courses of action.</p> <p>(vii) It is a <u>mental exercise</u> as it is intellectual activity of thinking rather than doing.</p> <p>(viii) It provides the <u>basis for controlling</u> by providing standards.</p> <p><b>(If an examinee has given only the headings , ½ mark for each heading should be awarded)</b></p>	<p>1 mark for each statement = 1 x 5 = 5 marks</p>
21	<p><b>Q. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralised and her performance started declining. She would abstain herself often and could not meet her targets.</b></p> <p><b>Mrs . Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organization and made her a part of</b></p>	

	<p>high level joint-management committee. Smita was now punctual in office and her performance started improving.</p> <p>(i) Identify the function of management being performed by Rita.  (ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.  (iii) State any three features of the element identified in (ii) above.</p> <p>Ans. (i) Directing.</p> <p>(ii) Motivation.</p> <p>(iii) <u>Features of motivation</u>: (Any three)  (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.</p> <p>(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)</p>	<p>1 mark for identifying the function  +  1 mark for identifying the element  =  +  1 mark for each feature  =  (1 x 3)  =  3 marks  =  1+1+3  =  5 marks</p>
22	<p>Q. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.</p> <p>(a) Identify the functions of management discussed above.  (b) State the two steps in the process of each function discussed in the above para.  (c) List any two values which the company wants to communicate to the society.</p> <p>Ans. (a) Staffing and controlling.</p> <p>(b) <b>Steps in Staffing:</b></p> <p>(i) <u>Estimating manpower requirements</u> which involves knowing how many persons are needed and of what type.</p> <p><i>'To meet the increased demand, the company assessed that .... subordinates under each head'.</i></p>	<p>(½ mark for identifying each function  =  ½ x 2  =  1 mark)</p> <p>+</p> <p>(½ mark for identifying each step  +)</p>

	<p>(ii) <u>Recruitment</u> which involves searching for prospective employees and stimulating them to apply for jobs in the organisation.</p> <p><b>(IF AN EXAMINEE HAS ONLY IDENTIFIED ‘ESTIMATING MANPOWER REQUIREMENTS’ AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</b></p> <p><b>Steps in controlling:</b> (Any two)</p> <p>(i) <u>Comparison of actual performance with the standards</u> which would reveal the deviation between actual and desired results.</p> <p><i>‘It was found that the target of producing 300 bulbs a day was not met by the employees’.</i></p> <p>(ii) <u>Analysing deviations</u> which would help to find out the causes of deviation.</p> <p><i>On analysis, it was found that the workers were not at fault....alternative arrangements were needed.</i></p> <p>(iii) <u>Taking corrective action</u>, if required.</p> <p><i>To meet the increased demand, the company assessed that approximately ....as subordinates under each head.</i></p> <p><b>(If an examinee has given the steps of the process not discussed above , ½ mark may be deducted)</b></p> <p>(c) <u>Values which the company wants to communicate to the society: (Any two)</u></p> <p>(i) Using environment friendly methods of production.  (ii) Women empowerment.  (iii) Upliftment of underprivileged sections of the society.</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p>½ mark for either quoting the line OR stating the step  = ½ x 4  = 2 marks)  + (1 mark for each value  = 1 x 2  = 2 marks)  = 1+2+2  = 5 marks</p>
23	<p><b>Q. With the help of a diagram explain 'Functional Foremanship' as a technique of scientific management.</b></p> <p><b>Ans.</b></p>	<p>1½ marks for the diagram  + 1 ½ marks for</p>



any three points  
 =  
 $1\frac{1}{2} \times 3$   
 =  
 4½ marks  
 =  
 $1\frac{1}{2} + 4\frac{1}{2}$   
 =  
 6 marks

### Functional Foremanship (Any three points)

- Functional foremanship is a technique which aims to improve the quality of supervision at shop floor.
- Taylor identified a list of qualities of a good foreman or a supervisor. Since all the qualities could not be found in a single person, Taylor proposed eight specialists.
- In this technique, planning is separated from execution.
- It is an extension of the principle of division of work and specialisation.
- Taylor suggested four foremen for planning and four foremen for execution.
- The four foremen for planning were route clerk, instruction card clerk, time and cost clerk and disciplinarian and four foremen for execution were gang boss, speed boss, repair boss and inspector.
- The four foremen for planning would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively.
- The four foremen for execution were responsible for timely and accurate completion of the job, keeping machines and tools ready for operation by the workers, ensuring proper working conditions of machines and tools and checking the quality of work.

**(If an examinee has made an incomplete diagram but has named all foremen in the explanation, one mark may be given for the diagram)**

24

**Q. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement. The above discussion about the company leads to various factors which**

	<p><b>decide how much of the profits should be retained and how much has to be distributed by the company.</b>  <b>Quoting the lines from the above discussion identify and explain any four such factors.</b></p> <p><b>Ans.</b> Factors affecting dividend decision: <b>(Any four)</b></p> <p>(i) <u>Stability of earnings</u></p> <p><b>‘It has been consistently earning good profits for many years’.</b></p> <p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><b>‘There is availability of enough cash in the company’.</b></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><b>‘Good prospects for growth in the future’.</b></p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p><b>‘It has many shareholders who prefer to receive regular income from their investments’.</b></p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><b>‘It has taken a loan of Rs.40 Lakhs from IDBI and ....agreement’</b></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p>½ mark for identifying the factor  +  ½ mark for quoting the line  +  ½ mark for explanation  =  1 ½ x 4  =  6 marks</p>
25	<p><b>Q. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.</b></p>	<p>½ mark for identifying the variable  +  ½ mark for quoting the line</p>

<p><b>The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables.</b></p> <p><b>Ans.</b> The combination of variables used by Hayaram to prepare its market offering are:</p> <p>(i) <b>PRODUCT</b> It refers to the combination of various aspects relating to the product or service to be offered for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.</p> <p><i>'Their products include chips, biscuits, sweets and squashes'.</i></p> <p>(ii) <b>PRICE</b> Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes. It involves decisions regarding the basic price of the product, discount, allowances, terms of payment etc.</p> <p><i>'It charges a comparatively higher price than its competitors'.</i> <i>OR</i> <i>'It offers regular discounts to its customers and easy credit terms to its retailers'.</i></p> <p>(iii) <b>PLACE/PHYSICAL DISTRIBUTION</b> It includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p>It consists of <u>physical distribution</u> i.e. activities involving the movement of products or services from producers to consumers as well as <u>channels of distribution</u> i.e. the route through which the goods move from the producer to the consumer.</p> <p><i>'It has five of its own retail shops'.</i> <i>OR</i> <i>'It also sells its products through various grocery stores....right time'.</i></p> <p>(iv) <b>PROMOTION</b> It consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p> <p><i>'It regularly uses different communication tools to increase its sales'.</i></p> <p><b>(FULL CREDIT BE GIVEN IF AN EXAMINEE HAS NOT QUOTED THE LINES FROM THE ABOVE PARA BUT HAS GIVEN THE CORRECT EXPLANATION)</b></p>	<p>+ ½ mark for the explanation of the variable = 1 ½ x 4 = <b>6 marks</b></p>
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66/1/2	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES DELHI-66/1/2 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRIBU- TION OF MARKS</p>
1	<p><b>Q. ‘ Indian Logistics’ has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time.</b> <b>State with reason, whether the working capital requirements of ‘Indian Logistics’ will be high or low.</b></p> <p><b>Ans.</b> Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;"><math>\frac{1}{2}</math> mark for identification + <math>\frac{1}{2}</math> mark for reason = <math>\frac{1}{2} + \frac{1}{2}</math> = <b>1 mark</b></p>
2	<p><b>Q. ‘ Beauty Products Ltd’ is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No.1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet.</b> <b>Identify the marketing management philosophy being followed by ‘Beauty Products Ltd.’</b></p> <p><b>Ans.</b> Societal marketing concept.</p>	<p style="text-align: center;"><b>1 mark</b></p>
3	<p><b>Q. On Sonika’s birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.</b> <b>Can Sonika appeal against the decision of the district forum? Give reason in support of your answer.</b></p> <p><b>Ans.</b> No, Sonika cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the district forum.</p>	<p style="text-align: center;"><math>\frac{1}{2} + \frac{1}{2}</math> = <b>1 mark</b></p>
4	<p><b>Q. How does management help in achieving personal objectives? State.</b></p> <p><b>Ans.</b> Management helps in achieving personal objectives by motivating and leading in such a way that the individual members are able to achieve personal goals while contributing to the overall organisational objectives.</p>	<p style="text-align: center;"><b>1 mark</b></p>
5	<p><b>Q. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and</b></p>	



	<p><b>interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.</b></p> <p><b>Name the function of management discussed above.</b></p> <p>Ans. Organising.</p>	1 mark
6	<p><b>Q. Explain how 'cost of debt' affects the choice of capital structure of a company.</b></p> <p>Ans. 'Cost of debt' affects the choice of capital structure of a company as low interest rates increase a firm's capacity to employ higher debt.</p>	1 mark
7	<p><b>Q. What is meant by 'co-ordination' in management?</b></p> <p>Ans. Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p>	1 mark
8	<p><b>Q. Define 'Planning'.</b></p> <p>Ans. Planning is the process of setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p>	1 mark
9	<p><b>Q. What is meant by 'divisional structure' of an organization? State its any two advantages.</b></p> <p>Ans. <b>Divisional structure</b> is an organisation structure comprising of separate business units or divisions created on the basis of different products, geographical area, customer groups etc.</p> <p><u>Advantages of divisional structure: (Any two)</u></p> <p>(i) <u>Product specialisation</u> helps in the development of varied skills.</p> <p>(ii) It helps in the <u>fixation of responsibility</u> as divisional heads are accountable for profits, revenues and costs related to their departments.</p> <p>(iii) It <u>promotes flexibility, initiative and faster decision making</u> as each division is an autonomous unit.</p> <p>(iv) It <u>facilitates expansion and growth</u> as new divisions can be added without interrupting the existing operations.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading)</b></p>	<p><b>1 mark for the meaning</b></p> <p>+</p> <p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p> <p>=</p> <p><b>1+2</b></p> <p>=</p> <p><b>3marks</b></p>

	should be awarded)	
10	<p><b>Q. ‘ Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions’ Explain any three such functions.</b></p> <p><b>Ans.</b> <u>Financial market plays an important role in the allocation of scarce resources in an economy by performing the following functions: (Any three)</u></p> <p>(i) Mobilisation of savings and channelising them into most productive use.  (ii) Facilitating price determination/ discovery.  (iii) Providing liquidity to financial assets.  (iv) Reducing the cost of transactions.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p>	<p><math>\frac{1}{2}</math> mark for the heading  +  <math>\frac{1}{2}</math> mark for each explanation  = 1 x 3  =  3 marks</p>
11	<p><b>Q. Neeraj, a sales representative of ‘ Omidia Ltd’ has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a misunderstanding between him and his clients.</b></p> <p><b>(a) Identify the communication barrier discussed above.</b>  <b>(b) State the category of this communication barrier.</b>  <b>(c) Explain any other communication barrier of the same category.</b></p> <p><b>Ans.</b> (a) Badly expressed message.</p> <p>(b) Semantic barrier which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.</p> <p>(c) <u>Other barriers in the same category are: (Any one)</u>  (i) Symbols with different meanings  (ii) Faulty translations  (iii) Unclear assumptions  (iv) Technical jargon  (v) Body language and gesture decoding</p>	<p>1 mark for identifying the barrier  +  <math>\frac{1}{2}</math> mark for naming the category of barrier  +  <math>\frac{1}{2}</math> mark for stating the category of the barrier  +  (<math>\frac{1}{2}</math> mark for naming another barrier  +  <math>\frac{1}{2}</math> mark for its explanation)  =  1+1+1  =  3marks</p>
12	<p><b>Q. Explain how the ‘product related factors’ affect the choice of channels of distribution?</b></p> <p><b>Ans.</b> <u>Product related factors which affect the choice of channels of distribution (any three):</u>  (i) Nature of Product.  (ii) Perishability of Product.  (iii) Value of Product.  (iv) Complexity of Product.</p>	<p><math>\frac{1}{2}</math> mark for the heading  +  <math>\frac{1}{2}</math> mark for each explanation  =  1 x 3  =</p>

	(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)	3marks
13	<p><b>Q. Pramod was a supervisor at ‘ Annapurna Aata’ factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod.</b></p> <p><b>Ans.</b> Democratic style of leadership.</p> <ul style="list-style-type: none"> <li>▪ A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.</li> <li>▪ Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.</li> </ul>	<p>1 mark for identification + 1 mark for each point of description = 1 x 2 = 2 marks = 1+2 = 3 marks</p>
14	<p><b>Q. What is meant by principles of management? State any three points of their importance.</b></p> <p><b>Ans. Principles of management</b> are broad and general guidelines for managerial decision making and behaviour.</p> <p><u>Importance of principles of management :(any three):</u></p> <p>(i) They provide the managers with <u>useful insights into reality</u>.</p> <p>(ii) They help in <u>optimum utilisation of resources</u> as the wastages associated with trial and error approach can be overcome.</p> <p>(iii) They help in <u>effective administration</u> as the decisions are free from personal bias.</p> <p>(iv) They help in taking <u>scientific decisions</u> which are based on objective assessment of the situation.</p> <p>(v) They help in meeting <u>changing environment requirements</u> as they can be modified according to the needs of the environment.</p> <p>(vi) They help in fulfilling <u>social responsibility</u> by responding to the demands of the public.</p> <p>(vii) They are used as a <u>basis for management training, education and research</u> by providing the basic groundwork for the development of management as a discipline.</p>	<p>1 mark for the meaning + 1 mark for each statement = 1 x 3 = 3 marks = 1+3 = 4 marks</p>

	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	
15	<p><b>Q. Explain the following rights of a consumer as provided under Consumers Protection Act,1986:</b></p> <p><b>(a) Right to Safety; and</b> <b>(b) Right to be Heard.</b></p> <p><b>Ans. (a) Right to Safety</b></p> <ul style="list-style-type: none"> <li>▪ Right to be protected against goods and services which are hazardous to life and health.</li> <li>▪ Right to get protection against the risks caused due to the use of substandard products or products that do not conform to the safety norms.</li> </ul> <p><b>(b) Right to be Heard:</b></p> <ul style="list-style-type: none"> <li>▪ The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</li> <li>▪ It is because of this reason many firms have set up their own consumer service and grievance cells.</li> </ul>	<p><b>2 marks</b></p> <p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>
16	<p><b>Q. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.</b></p> <p><b>(a) Name and explain the money-market instrument the company can use for the above purpose.</b></p> <p><b>(b) What is the duration for which the company can get funds through this instrument?</b></p> <p><b>(c) State any other purpose for which this instrument can be used.</b></p> <p><b>Ans. (a) Commercial paper.</b> It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p><b>1 mark for naming the instrument</b></p> <p>+</p> <p><b>1 mark for its explanation</b></p> <p>+</p> <p><b>1 mark for duration</b></p> <p>+</p> <p><b>1 mark for any other purpose</b></p> <p>=</p> <p><b>1+1+1+1</b></p> <p>=</p> <p><b>4 marks</b></p>
17	<p><b>Q. 'Aapka Vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members</b></p>	

<p>supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.</p> <p>(a) Identify the principle of management applied for the success of the programme.</p> <p>(b) State any two features of management highlighted in the above para.</p> <p>(c) Identify any two values which 'Aapka Vidyalaya' communicated to the society.</p> <p><b>Ans.</b> (a) <u>Principle of management - Espirit de corps.</u></p> <p>(b) <u>Features of management: (Any two)</u></p> <p>(i) MANAGEMENT IS PERVASIVE.</p> <p><i>'...he asked his father to apply the same principle in his business'.</i></p> <p>Management is pervasive as it can be applied to all types/ levels of organisations.</p> <p>(ii) MANAGEMENT IS A GROUP ACTIVITY</p> <p><i>'There was a spirit of unity and harmony and all members supported each other.'</i></p> <p>Management is a group activity because it requires team work and/or coordination of individual efforts.</p> <p>(iii) MANAGEMENT IS GOAL ORIENTED.</p> <p><i>'....the programme was systematically planned and executed'.</i></p> <p>Management is goal oriented as it unites the efforts of different individuals towards achieving organisational goals.</p> <p>(iv) MANAGEMENT IS MULTI-DIMENSIONAL</p> <p><i>'...programme was systematically planned and executed'.</i></p> <p><b>OR</b></p> <p><i>'There was a spirit of unity and harmony and all members supported each other'.</i></p> <p>Management is multi-dimensional as it involves management of work, people and operations.</p> <p>(v) MANAGEMENT IS INTANGIBLE</p>	<p><b>1 mark for identifying the principle</b></p> <p>+</p> <p><b>½ mark for stating each feature</b></p> <p>=</p> <p><b>( ½ x 2)</b></p> <p>=</p> <p><b>1 mark</b></p> <p>+</p>
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	<p><i>'With mutual trust and belongingness....'</i> <b>OR</b> <i>'There was a spirit of unity and harmony and all members supported each other'.</i></p> <p>Management is intangible as it cannot be seen but its presence can be felt in the way the organisation functions.</p> <p><b>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</b></p> <p>(c) <u>Values being communicated to the society: (Any two)</u></p> <p>(i) Concern for the environment. (ii) Holistic development of children. (iii) Teamwork</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p><b>1 mark for each value</b> = <b>(1 x 2)</b> = <b>2 marks</b> = <b>1+1+2</b> = <b>4 marks</b></p>
18	<p><b>Q. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor. The supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently? Also state any three benefits that the workers will derive by the decision of the supervisor.</b></p> <p><b>Ans.</b> <u>Training of employees/ Vestibule training/ On the job training.</u></p> <p><u>Benefits the workers will derive by the decision of the supervisor: (Any three)</u></p> <p>(a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge. (b) It helps them to <u>earn more</u> due to improved performance. (c) It <u>reduces accidents</u> as the employees are more efficient to handle machines. (d) It <u>increases the morale</u> of the employees as the employees are more satisfied.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark</b>  + <b>1 mark for each statement</b> = <b>1 x 3</b> = <b>3 marks</b> = <b>1+3</b> = <b>4 marks</b></p>
19	<p><b>Q. Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the</b></p>	

	<p>product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.</p> <p>(a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of importance of this concept.</p> <p><b>Ans.</b> (a) Decentralisation.</p> <p>(b) <u>Importance of decentralisation:</u> (Any three)</p> <p>(i) Develops initiative among subordinates.  (ii) Develops managerial talent for the future.  (iii) Quick decision making.  (iv) Relief to top management.  (v) Facilitates growth.  (vi) Better control.</p> <p><b>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p><b>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</b></p>	<p><b>1 mark for identifying the concept</b></p> <p>+</p> <p><b>(½ mark for the heading</b></p> <p>+</p> <p><b>½ mark for its explanation)</b></p> <p>=</p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>1+3</b></p> <p>=</p> <p><b>4 marks</b></p>
20	<p><b>Q. State any five points which highlight the importance of delegation of authority.</b></p> <p><b>Ans.</b> <u>Importance of delegation of authority:</u> (Any five)</p> <p>(i) It helps in <u>effective management</u> as the managers get more time to concentrate on important matters.  (ii) It helps in <u>development of employees</u> as the employees get more opportunities to utilize their talent.  (iii) It helps to <u>motivate employees</u> as the employees feel encouraged and try to improve their performance further.  (iv) It <u>facilitates growth</u> by providing a ready workforce to take up leading positions in new ventures.  (v) It <u>establishes a management hierarchy</u> through clear superior subordinate relationships.  (vi) It helps in <u>better co-ordination</u> by avoiding overlapping of duties.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 5</b></p> <p>=</p> <p><b>5 marks</b></p>
21	<p><b>Q. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers</b></p>	



<p>were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed.</p> <p>To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.</p> <p>(a) Identify the functions of management discussed above.  (b) State the two steps in the process of each function discussed in the above para.  (c) List any two values which the company wants to communicate to the society.</p> <p><b>Ans. (a)</b> Staffing and controlling.</p> <p><b>(b) Steps in Staffing:</b></p> <p>(i) <u>Estimating manpower requirements</u> which involves knowing how many persons are needed and of what type.</p> <p><i>'To meet the increased demand, the company assessed that .... subordinates under each head'.</i></p> <p>(ii) <u>Recruitment</u> which involves searching for prospective employees and stimulating them to apply for jobs in the organisation.</p> <p><b>(IF AN EXAMINEE HAS ONLY IDENTIFIED 'ESTIMATING MANPOWER REQUIREMENTS' AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</b></p> <p><b>Steps in controlling:</b> (Any two)</p> <p>(i) <u>Comparison of actual performance with the standards</u> which would reveal the deviation between actual and desired results.</p> <p><i>'It was found that the target of producing 300 bulbs a day was not met by the employees'.</i></p> <p>(ii) <u>Analysing deviations</u> which would help to find out the causes of deviation.</p> <p><i>On analysis, it was found that the workers were not at fault....alternative</i></p>	<p>(<math>\frac{1}{2}</math> mark for identifying each function  = <math>\frac{1}{2} \times 2</math>  = 1 mark)</p> <p>+</p> <p>(<math>\frac{1}{2}</math> mark for identifying each step  + <math>\frac{1}{2}</math> mark for either quoting the line OR stating the step  = <math>\frac{1}{2} \times 4</math>  = 2 marks)</p> <p>+</p> <p>(1 mark for each value  = <math>1 \times 2</math>  = 2 marks)</p> <p>= <math>1+2+2</math>  = 5 marks</p>
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	<p><i>arrangements were needed.</i></p> <p>(iii) <u>Taking corrective action</u>, if required.</p> <p><i>To meet the increased demand, the company assessed that approximately ...as subordinates under each head.</i></p> <p><b>(If an examinee has given the steps of the process not discussed above , ½ mark may be deducted)</b></p> <p>(c) <u>Values which the company wants to communicate to the society: (Any two)</u></p> <p>(i) Using environment friendly methods of production.  (ii) Women empowerment.  (iii) Upliftment of underprivileged sections of the society.</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	
22	<p><b>Q. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralised and her performance started declining. She would abstain herself often and could not meet her targets.</b></p> <p><b>Mrs . Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organization and made her a part of high level joint-management committee. Smita was now punctual in office and her performance started improving.</b></p> <p><b>(i) Identify the function of management being performed by Rita.</b>  <b>(ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.</b>  <b>(iii) State any three features of the element identified in (ii) above.</b></p> <p><b>Ans. (i) Directing.</b></p> <p>(ii) Motivation.</p> <p>(iii) <u>Features of motivation: (Any three)</u></p> <p>(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.</p>	<p style="text-align: center;">1 mark for identifying the function + 1 mark for identifying the element = + 1 mark for each feature = (1 x 3) = <b>3 marks</b></p>

	(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)	= 1+1+3 = 5 marks									
23	<p><b>Q. Explain the following techniques of scientific management:</b>  <b>(i) Differential piece wage system; and</b>  <b>(ii) Motion Study.</b></p> <p><b>Ans. (i) Differential Piece Wage System</b></p> <ul style="list-style-type: none"> <li>▪ Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.</li> <li>▪ In this plan, there are two piece rates – one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.</li> <li>▪ Example: Standard output (per worker per day) = 10 units.  Wage rate I =Rs.2 per unit (for output&lt;10 units)  Wage rate II =Rs.3 per unit (for output&gt;=10 units)</li> </ul> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Worker A</th> <th>Worker B</th> </tr> </thead> <tbody> <tr> <td>Actual output</td> <td>9 units</td> <td>11 units</td> </tr> <tr> <td>Total wages (in Rs.)</td> <td>9 x Rs.2 = Rs.18</td> <td>11 x Rs.3 =Rs.33</td> </tr> </tbody> </table> <p>Difference in units produced = 2  Difference in wages = Rs.15</p> <p><b>(ii) Motion Study</b></p> <ul style="list-style-type: none"> <li>▪ It is a technique to study the movements which are undertaken while doing a well defined job.</li> <li>▪ The movement could be productive, incidental and unproductive.</li> <li>▪ It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently.</li> </ul>	Particulars	Worker A	Worker B	Actual output	9 units	11 units	Total wages (in Rs.)	9 x Rs.2 = Rs.18	11 x Rs.3 =Rs.33	1 x 3  =  3 marks  +  1 x 3  = 3 marks = 3+3 = 6 marks
Particulars	Worker A	Worker B									
Actual output	9 units	11 units									
Total wages (in Rs.)	9 x Rs.2 = Rs.18	11 x Rs.3 =Rs.33									
24	<p><b>Q. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.</b></p> <p><b>The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables.</b></p> <p><b>Ans.</b> The combination of variables used by Hayaram to prepare its market offering are:</p>	½ mark for identifying the variable + ½ mark for quoting the line + ½ mark for the explanation of the variable = 1 ½ x 4 =									

	<p>(i) PRODUCT It refers to the combination of various aspects relating to the product or service to be offered for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.</p> <p><i>'Their products include chips, biscuits, sweets and squashes'.</i></p> <p>(ii) PRICE Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes. It involves decisions regarding the basic price of the product, discount, allowances, terms of payment etc.</p> <p><i>'It charges a comparatively higher price than its competitors'.</i></p> <p style="text-align: center;">OR</p> <p><i>'It offers regular discounts to its customers and easy credit terms to its retailers'.</i></p> <p>(iii) PLACE/PHYSICAL DISTRIBUTION It includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p>It consists of <u>physical distribution</u> i.e. activities involving the movement of products or services from producers to consumers as well as <u>channels of distribution</u> i.e. the route through which the goods move from the producer to the consumer.</p> <p><i>'It has five of its own retail shops'.</i></p> <p style="text-align: center;">OR</p> <p><i>'It also sells its products through various grocery stores....right time'.</i></p> <p>(iv) PROMOTION It consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p> <p><i>'It regularly uses different communication tools to increase its sales'.</i></p> <p><b>(FULL CREDIT BE GIVEN IF AN EXAMINEE HAS NOT QUOTED THE LINES FROM THE ABOVE PARA BUT HAS GIVEN THE CORRECT EXPLANATION)</b></p>	<b>6 marks</b>
<b>25</b>	<p><b>Q. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their</b></p>	

<p>investments.  <b>It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.</b>  <b>The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.</b>  <b>Quoting the lines from the above discussion identify and explain any four such factors.</b></p> <p><b>Ans.</b> Factors affecting dividend decision: <b>(Any four)</b></p> <p>(i) <u>Stability of earnings</u></p> <p><b>‘It has been consistently earning good profits for many years’.</b></p> <p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><b>‘There is availability of enough cash in the company’.</b></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><b>‘Good prospects for growth in the future’.</b></p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p><b>‘It has many shareholders who prefer to receive regular income from their investments’.</b></p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><b>‘It has taken a loan of Rs.40 Lakhs from IDBI and ....agreement’</b></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p><math>\frac{1}{2}</math> mark for identifying the factor  +  <math>\frac{1}{2}</math> mark for quoting the line  +  <math>\frac{1}{2}</math> mark for explanation  =  <math>1 \frac{1}{2} \times 4</math>  =  <b>6 marks</b></p>
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66/1/3	<p style="text-align: center;"><b>MARKING SCHEME-2014-15</b>  <b>BUSINESS STUDIES</b>  <b>DELHI-66/1/3</b>  <b>EXPECTED ANSWERS / VALUE POINTS</b></p>	<p style="text-align: center;"><b>DISTRI- BUTION OF MARKS</b></p>
1	<p><b>Q. On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further. Can Sonika appeal against the decision of the district forum? Give reason in support of your answer.</b></p> <p><b>Ans.</b> No, Sonika cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the district forum.</p>	<p style="text-align: center;"><math>\frac{1}{2} + \frac{1}{2}</math> = <b>1 mark</b></p>
2	<p><b>Q. Explain how 'cost of debt' affects the choice of capital structure of a company.</b></p> <p><b>Ans.</b> 'Cost of debt' affects the choice of capital structure of a company as low interest rates increase a firm's capacity to employ higher debt.</p>	<p style="text-align: center;"><b>1 mark</b></p>
3	<p><b>Q. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time. State with reason, whether the working capital requirements of 'Indian Logistics' will be high or low.</b></p> <p><b>Ans.</b> Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;"><math>\frac{1}{2}</math> mark for identification + <math>\frac{1}{2}</math> mark for reason = <math>\frac{1}{2} + \frac{1}{2}</math> = <b>1 mark</b></p>
4	<p><b>Q. Define 'planning premises'.</b></p> <p><b>Ans.</b> Planning premises are the assumptions made about the future on the basis of which the plans are drawn.</p>	<p style="text-align: center;"><b>1 mark</b></p>
5	<p><b>Q. How does management help in achieving personal objectives? State.</b></p>	<p style="text-align: center;"><b>1 mark</b></p>

	<p><b>Ans.</b> Management helps in achieving personal objectives by motivating and leading in such a way that the individual members are able to achieve personal goals while contributing to the overall organisational objectives.</p>	
6	<p><b>Q. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.</b></p> <p><b>Name the function of management discussed above.</b></p> <p><b>Ans.</b> Organising.</p>	1 mark
7	<p><b>Q. What is meant by ‘effectiveness’ in management?</b></p> <p><b>Ans.</b> ‘Effectiveness’ in management means doing the right task, completing activities and achieving goals.</p> <p><b>(or any other correct meaning)</b></p>	1 mark
8	<p><b>Q. Define ‘ formal organisation’.</b></p> <p><b>Ans.</b> Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task.</p> <p><b>(or any other correct meaning)</b></p>	1 mark
9	<p><b>Q. State any three limitations of ‘ divisional structure’ of an organization.</b></p> <p><b>Ans.</b> <u>Limitations of divisional structure of an organisation:</u> <b>(Any three)</b></p> <p>(i) <u>Conflicts may arise</u> among different divisions with respect to allocation of funds.</p> <p>(ii) It may <u>increase the cost</u> since there may be a duplication of activities.</p> <p>(iii) Divisional heads may <u>misuse the authority</u> ignoring organizational interests.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p>1 x 3 = 3marks</p>
10	<p><b>Q. Neeraj, a sales representative of ‘ Omida Ltd’ has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a misunderstanding between him and his clients.</b></p> <p><b>(a) Identify the communication barrier discussed above.</b></p> <p><b>(b) State the category of this communication barrier.</b></p> <p><b>(c) Explain any other communication barrier of the same category.</b></p>	<p>1 mark for identifying the barrier + ½ mark for naming the category of barrier +</p>



	<p><b>Ans.</b> (a) Badly expressed message.</p> <p>(b) Semantic barrier which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.</p> <p>(c) <u>Other barriers in the same category are: (Any one)</u></p> <p>(i) Symbols with different meanings</p> <p>(ii) Faulty translations</p> <p>(iii) Unclarified assumptions</p> <p>(iv) Technical jargon</p> <p>(v) Body language and gesture decoding</p>	<p><math>\frac{1}{2}</math> mark for stating the category of the barrier + (<math>\frac{1}{2}</math> mark for naming another barrier + <math>\frac{1}{2}</math> mark for its explanation) = 1+1+1 = 3marks</p>
11	<p><b>Q. ‘ Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions’ Explain any three such functions.</b></p> <p><b>Ans.</b> <u>Financial market plays an important role in the allocation of scarce resources in an economy by performing the following functions: (Any three)</u></p> <p>(i) Mobilisation of savings and channelising them into most productive use.</p> <p>(ii) Facilitating price determination/ discovery.</p> <p>(iii) Providing liquidity to financial assets.</p> <p>(iv) Reducing the cost of transactions.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p>	<p><math>\frac{1}{2}</math> mark for the heading + <math>\frac{1}{2}</math> mark for each explanation = 1 x 3 = 3 marks</p>
12	<p><b>Q. Pramod was a supervisor at ‘ Annapurna Aata’ factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod.</b></p> <p><b>Ans.</b> Democratic style of leadership.</p> <ul style="list-style-type: none"> <li>▪ A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.</li> <li>▪ Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.</li> </ul>	<p>1 mark for identification + 1 mark for each point of description = 1 x 2 = 2 marks = 1+2 = 3 marks</p>
13	<p><b>Q. Explain how the ‘product related factors’ affect the choice of</b></p>	

	<p><b>channels of distribution?</b></p> <p><b>Ans.</b> <u>Product related factors which affect the choice of channels of distribution (any three):</u></p> <p>(i) Nature of Product.  (ii) Perishability of Product.  (iii) Value of Product.  (iv) Complexity of Product.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p>	<p><math>\frac{1}{2}</math> mark for the heading  +  <math>\frac{1}{2}</math> mark for each explanation  =  1 x 3  =  3marks</p>
14	<p><b>Q. State any four features of ‘ Principles of Management’.</b></p> <p><b>Ans.</b> <u>Features of principles of management: (Any four)</u></p> <p>(i) <u>The principles of management apply to all types of organisations, at all levels and at all times.</u></p> <p>(ii) <u>The principles are guidelines to action</u> but do not provide readymade, straitjacket solutions to all managerial problems.</p> <p>(iii) <u>The principles of management are derived by observation, experimentation</u> as well as personal experience of managers</p> <p>(iv) They are not rigid but are <u>flexible</u> and can be modified by the manager when the situation so demands.</p> <p>(v) Management principles aim at <u>influencing behaviour of human beings.</u></p> <p>(vi) The principles of management establish <u>cause and effect relationship</u> so that they can be used in similar situations in a large number of cases.</p> <p>(vii) The application of principles of management is <u>contingent</u> or dependent upon the prevailing situation at a particular point of time.</p> <p><b>(If an examinee has given only the heading, <math>\frac{1}{2}</math> mark for each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 4</b></p> <p>=</p> <p><b>4 marks</b></p>
15	<p><b>Q. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:</b></p> <p><b>(a) Right to choose; and</b>  <b>(b) Right to consumer education.</b></p> <p><b>Ans.</b> (a) <u>Right to choose</u></p> <ul style="list-style-type: none"> <li>▪ The consumer has the freedom to choose from a variety of products at competitive prices.</li> <li>▪ Marketers should offer a wide variety of products in terms of quality, price, size etc. to enable the consumer to make the choice.</li> </ul> <p>(b) <u>Right to consumer education.</u></p> <ul style="list-style-type: none"> <li>▪ The consumer has the right to acquire knowledge and to be a well informed consumer.</li> <li>▪ He should be aware about his rights and the reliefs available to him in case of a product or service is falling short of his expectations.</li> </ul>	<p><b>2 marks</b></p> <p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>
16	<p><b>Q. ‘Aapka Vidyalaya’ believes in holistic development of students and</b></p>	

<p>encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.</p> <p>(a) Identify the principle of management applied for the success of the programme.</p> <p>(b) State any two features of management highlighted in the above para.</p> <p>(c) Identify any two values which 'Aapka Vidyalaya' communicated to the society.</p> <p><b>Ans.</b> (a) <u>Principle of management</u> - <b>Espirit de corps.</b></p> <p>(b) <u>Features of management:</u> <b>(Any two)</b></p> <p>(i) MANAGEMENT IS PERVASIVE.</p> <p><i>'...he asked his father to apply the same principle in his business'</i></p> <p>Management is pervasive as it can be applied to all types/ levels of organisations.</p> <p>(ii) MANAGEMENT IS A GROUP ACTIVITY</p> <p><i>'There was a spirit of unity and harmony and all members supported each other.'</i></p> <p>Management is a group activity because it requires team work and/or coordination of individual efforts.</p> <p>(iii) MANAGEMENT IS GOAL ORIENTED.</p> <p><i>'....the programme was systematically planned and executed'.</i></p> <p>Management is goal oriented as it unites the efforts of different individuals towards achieving organisational goals.</p> <p>(iv) MANAGEMENT IS MULTI-DIMENSIONAL</p> <p><i>'...programme was systematically planned and executed'.</i></p> <p><b>OR</b></p> <p><i>'There was a spirit of unity and harmony and all members supported each</i></p>	<p><b>1 mark for identifying the principle</b></p> <p><b>+</b></p> <p><b>½ mark for stating each feature</b></p> <p><b>=</b></p> <p><b>( ½ x 2)</b></p> <p><b>=</b></p> <p><b>1 mark</b></p>
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	<p><i>other</i>’.</p> <p>Management is multi-dimensional as it involves management of work, people and operations.</p> <p>(v) MANAGEMENT IS INTANGIBLE</p> <p><i>‘With mutual trust and belongingness....’.</i></p> <p><b>OR</b></p> <p><i>‘There was a spirit of unity and harmony and all members supported each other’.</i></p> <p>Management is intangible as it cannot be seen but its presence can be felt in the way the organisation functions.</p> <p><b>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</b></p> <p>(c) <u>Values being communicated to the society: (Any two)</u></p> <p>(i) Concern for the environment.  (ii) Holistic development of children.  (iii) Teamwork</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p style="text-align: center;">+</p> <p style="text-align: center;"><b>1 mark for each value</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>(1 x 2)</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>2 marks</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>1+1+2</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>4 marks</b></p>
17	<p><b>Q. Samir Gupta started a telecommunication company, ‘ Donira Ltd.’ to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.</b></p> <p><b>(a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.</b></p> <p><b>(b) Also explain any three points of importance of this concept.</b></p> <p><b>Ans. (a) Decentralisation.</b></p> <p><b>(b) Importance of decentralisation: (Any three)</b></p> <p>(i) Develops initiative among subordinates.  (ii) Develops managerial talent for the future.  (iii) Quick decision making.  (iv) Relief to top management.</p>	<p style="text-align: center;"><b>1 mark for identifying the concept</b></p> <p style="text-align: center;">+</p> <p style="text-align: center;"><b>(½ mark for the heading</b></p> <p style="text-align: center;">+</p> <p style="text-align: center;"><b>½ mark for its explanation)</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>1 x 3</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>3 marks</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>1+3</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>4 marks</b></p>

	<p>(v) Facilitates growth. (vi) Better control.</p> <p><b>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	
18	<p><b>Q. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.</b></p> <p><b>(a) Name and explain the money-market instrument the company can use for the above purpose.</b></p> <p><b>(b) What is the duration for which the company can get funds through this instrument?</b></p> <p><b>(c) State any other purpose for which this instrument can be used.</b></p> <p><b>Ans. (a) Commercial paper.</b> It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p><b>1 mark for naming the instrument</b> + <b>1 mark for its explanation</b> + <b>1 mark for duration</b> + <b>1 mark for any other purpose</b> = <b>1+1+1+1</b> = <b>4 marks</b></p>
19	<p><b>Q. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor. The supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently? Also state any three benefits that the workers will derive by the decision of the supervisor.</b></p> <p><b>Ans. Training of employees/ Vestibule training/ On the job training.</b></p> <p><b>Benefits the workers will derive by the decision of the supervisor: (Any three)</b></p> <p>(a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge.</p> <p>(b) It helps them to <u>earn more</u> due to improved performance.</p> <p>(c) It <u>reduces accidents</u> as the employees are more efficient to handle machines.</p> <p>(d) It <u>increases the morale</u> of the employees as the employees are more</p>	<p><b>1 mark</b> + <b>1 mark for each statement</b> = <b>1 x 3</b></p>

	<p>satisfied.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>1+3</b></p> <p>=</p> <p><b>4 marks</b></p>
20	<p><b>Q. State any five limitations of 'Planning' function of management.</b></p> <p><b>Ans. Limitations of planning: (any five)</b></p> <p>(i) Planning <u>leads to rigidity</u> because once a well defined plan is drawn, the managers may not be in a position to change it.</p> <p>(ii) Planning <u>may not work in a dynamic environment</u> as it may not foresee everything.</p> <p>(iii) Planning <u>reduces creativity</u> since people tend to think on the same lines as others.</p> <p>(iv) Planning <u>involves huge costs</u> in terms of time and money.</p> <p>(v) Planning is <u>time consuming</u> and sometimes not much time is left for its implementation.</p> <p>(vi) Planning <u>does not guarantee success</u> unless it is translated into action.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 5</b></p> <p>=</p> <p><b>5 marks</b></p>
21	<p><b>Q. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralised and her performance started declining. She would abstain herself often and could not meet her targets.</b></p> <p><b>Mrs . Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organization and made her a part of high level joint-management committee. Smita was now punctual in office and her performance started improving.</b></p> <p><b>(i) Identify the function of management being performed by Rita.</b></p> <p><b>(ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.</b></p> <p><b>(iii) State any three features of the element identified in (ii) above.</b></p> <p><b>Ans. (i) Directing.</b></p> <p><b>(ii) Motivation.</b></p> <p><b>(iii) Features of motivation: (Any three)</b></p> <p><b>(a) It is an internal feeling.</b></p>	<p><b>1 mark for identifying the function</b></p> <p><b>+</b></p> <p><b>1 mark for identifying the element</b></p> <p><b>=</b></p> <p><b>+</b></p> <p><b>1 mark for each feature</b></p> <p><b>=</b></p>

	<p>(b) It produces goal directed behaviour.  (c) It can be positive or negative.  (d) It is a complex process.</p> <p><b>(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)</b></p>	<p>(1 x 3)  =  <b>3 marks</b>  =  1+1+3  =  <b>5 marks</b></p>
22	<p><b>Q. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed.</b></p> <p><b>To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.</b></p> <p><b>(a) Identify the functions of management discussed above.</b>  <b>(b) State the two steps in the process of each function discussed in the above para.</b>  <b>(c) List any two values which the company wants to communicate to the society.</b></p> <p><b>Ans. (a) Staffing and controlling.</b></p> <p><b>(b) Steps in Staffing:</b></p> <p>(i) <u>Estimating manpower requirements</u> which involves knowing how many persons are needed and of what type.</p> <p><i>'To meet the increased demand, the company assessed that .... subordinates under each head'.</i></p> <p>(ii) <u>Recruitment</u> which involves searching for prospective employees and stimulating them to apply for jobs in the organisation.</p> <p><b>(IF AN EXAMINEE HAS ONLY IDENTIFIED 'ESTIMATING MANPOWER REQUIREMENTS' AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</b></p> <p><b>Steps in controlling: (Any two)</b></p> <p>(i) <u>Comparison of actual performance with the standards</u> which would reveal the deviation between actual and desired results.</p>	<p>(½ mark for identifying each function  =  ½ x 2  =  <b>1 mark)</b></p> <p>+</p> <p>(½ mark for identifying each step  +  ½ mark for either quoting the line  <b>OR</b>  <b>stating the step</b>  =  ½ x 4  =  <b>2 marks)</b></p> <p>+</p> <p><b>(1 mark for each value</b>  =  <b>1 x 2</b>  =</p>



	<p><i>'It was found that the target of producing 300 bulbs a day was not met by the employees'.</i></p> <p>(ii) <u>Analysing deviations</u> which would help to find out the causes of deviation.</p> <p><i>On analysis, it was found that the workers were not at fault....alternative arrangements were needed.</i></p> <p>(iii) <u>Taking corrective action</u>, if required.</p> <p><i>To meet the increased demand, the company assessed that approximately ....as subordinates under each head.</i>  <b>(If an examinee has given the steps of the process not discussed above , ½ mark may be deducted)</b></p> <p>c) <u>Values which the company wants to communicate to the society: (Any two)</u></p> <p>(i) Using environment friendly methods of production.  (ii) Women empowerment.  (iii) Upliftment of underprivileged sections of the society.</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p><b>2 marks)</b>  =  <b>1+2+2</b>  =  <b>5 marks</b></p>
23	<p><b>Q. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.</b></p> <p><b>It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.</b></p> <p><b>The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.</b></p> <p><b>Quoting the lines from the above discussion identify and explain any four such factors.</b></p> <p><b>Ans. Factors affecting dividend decision: (Any four)</b></p> <p>(i) <u>Stability of earnings</u></p> <p><b>'It has been consistently earning good profits for many years'.</b></p>	<p style="text-align: center;">½ mark for identifying the factor + ½ mark for quoting the line + ½ mark for explanation</p>

	<p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><b>‘There is availability of enough cash in the company’.</b></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><b>‘Good prospects for growth in the future’.</b></p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p><b>‘It has many shareholders who prefer to receive regular income from their investments’.</b></p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><b>‘It has taken a loan of Rs.40 Lakhs from IDBI and ....agreement’</b></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p>=</p> <p><b>1 ½ x 4</b></p> <p>=</p> <p><b>6 marks</b></p>
24	<p><b>Q. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.</b></p> <p><b>The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables.</b></p> <p><b>Ans.</b> The combination of variables used by Hayaram to prepare its market offering are:</p> <p>(i) <b>PRODUCT</b></p> <p>It refers to the combination of various aspects relating to the product or service to be offered for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the</p>	<p><b>½ mark for identifying the variable</b></p> <p>+</p> <p><b>½ mark for quoting the line</b></p> <p>+</p> <p><b>½ mark for the explanation of the variable</b></p> <p>=</p> <p><b>1 ½ x 4</b></p> <p>=</p> <p><b>6 marks</b></p>

	<p>consumers. It includes branding, labelling and packaging.</p> <p><i>'Their products include chips, biscuits, sweets and squashes'.</i></p> <p>(ii) PRICE Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes. It involves decisions regarding the basic price of the product, discount, allowances, terms of payment etc.</p> <p><i>'It charges a comparatively higher price than its competitors'.</i> OR <i>'It offers regular discounts to its customers and easy credit terms to its retailers'.</i></p> <p>(iii) PLACE/PHYSICAL DISTRIBUTION It includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p>It consists of <u>physical distribution</u> i.e. activities involving the movement of products or services from producers to consumers as well as <u>channels of distribution</u> i.e. the route through which the goods move from the producer to the consumer.</p> <p><i>'It has five of its own retail shops'.</i> OR <i>'It also sells its products through various grocery stores....right time'.</i></p> <p>(iv) PROMOTION It consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p> <p><i>'It regularly uses different communication tools to increase its sales'.</i></p> <p><b>(FULL CREDIT BE GIVEN IF AN EXAMINEE HAS NOT QUOTED THE LINES FROM THE ABOVE PARA BUT HAS GIVEN THE CORRECT EXPLANATION)</b></p>	
25	<p><b>Q. Explain the following techniques of scientific management:</b> <b>(i) Time Study; and</b> <b>(ii) Simplification of work.</b></p> <p><b>Ans. (i) Time Study</b></p> <ul style="list-style-type: none"> <li>▪ Time study is a technique used to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well defined job.</li> <li>▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.</li> <li>▪ The method of time study will depend upon volume and frequency of the</li> </ul>	<p style="text-align: center;"><b>1 x 3</b> = <b>3 marks</b></p> <p style="text-align: center;">+</p>

	<p>task, the cycle time of the operation and time measurement costs.</p> <p><b>(ii) <u>Simplification of work</u></b></p> <ul style="list-style-type: none"><li>▪ It aims at <u>eliminating superfluous</u> varieties, sizes and dimensions.</li><li>▪ It results in saving of cost of labour, machines and tools.</li><li>▪ It leads to reduced inventories, fuller utilization of equipment and increased turnover.</li></ul>	<p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>3+3</b></p> <p>=</p> <p><b>6 marks</b></p>
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