

Senior School Certificate Examination
March -----2014-15
Marking Scheme---Business Studies (Foreign) 66/2/1, 66/2/2, 66/2/3.

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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66/2/1	MARKING SCHEME-2014-15 BUSINESS STUDIES FOREIGN-66/2/1 EXPECTED ANSWERS / VALUE POINTS	DISTRI- BUTION OF MARKS
1	Q. What is meant by 'Privatisation'? Ans. 'Privatisation' means giving greater role to the private sector in the nation building process and a reduced role to the public sector.	1 mark
2	Q. Why is it said that principles of management are mainly behavioural in nature? Ans. Principles of management are mainly behavioural in nature as they aim at influencing behaviour of human beings.	1 mark
3	Q. Define 'method' as a type of plan. Ans. Method is the prescribed way or manner in which a task has to be performed. (or any other correct definition)	1 mark
4	Q. 'Bawa Cycles' was in the business of manufacturing racing-cycles and had a monopoly in the market. The business was doing very well and the company was consistently meeting its objective of 10% increase in sales every year. Encouraged by the good track record, the Managing Director of the company kept an ambitious target of 15% increase in sales for the next year. The same year two competitors also entered the market and because of this the company was not able to meet its target. Identify the limitation of one of the functions of management because of which the company was not able to achieve its target. Ans. Planning may not work in a dynamic environment.	1 mark
5	Q. How do 'Floatation costs' affect the choice of capital structure of a company? State. Ans. 'Floatation costs' affect the choice of capital structure of a company as higher the floatation costs, less attractive the source of finance.	1 mark
6	Q. 'Reliable Transport Services Ltd.' specialises in transporting fruits and vegetables. It has a good reputation in the market as it delivers the fruits and vegetables at the right time and at the right place. State with reason whether the working capital requirements of 'Reliable Transport Services' will be high or low.	½ mark for identification + ½ mark for reason =

	<p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	$\frac{1}{2} + \frac{1}{2}$ $=$ 1 mark
7	<p>Q. 'Glow and Shine Ltd.' is a famous beauty brand offering organic beauty products for men and women. The company uses plant-based material 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. Identify the marketing management philosophy being followed 'Glow and Shine Ltd.'</p> <p>Ans. Societal marketing concept.</p>	1 mark
8	<p>Q. Pankaj purchased a car from 'Abhishek Motors' for Rs. 50 lakhs. The company offered many attractive gifts to Pankaj like - free insurance for first two years, free pick-up and drop facilities for free servicing upto 20,000 km, etc. But after a few days Pankaj noticed that the pick-up of the car was not good and there was some problems in the engine. The company serviced the car free of cost but even then Pankaj was not satisfied with its performance. 'Abhishek Motors' is not giving him the due response. So he filed a complaint in the State Commission but was not satisfied with its decision also. He was very much disturbed and after two months decided to appeal against it. Can Pankaj appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Pankaj cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	$\frac{1}{2} + \frac{1}{2}$ $=$ 1 mark
9	<p>Q. What is meant by divisional structure of an organization? State its any two disadvantages.</p> <p>Divisional structure is an organisation structure comprising of separate business units or divisions.</p> <p>Disadvantages of divisional structure: (Any two)</p> <p>(i) <u>Conflict may arise</u> among different divisions with reference to allocation of funds.</p> <p>(ii) It may lead to <u>increase in costs</u> because there may be duplication of activities.</p> <p>(iii) Managers may <u>misuse their authority</u> ignoring organisational interests.</p> <p>(If an examinee has given only the heading, $\frac{1}{2}$ mark for each heading should be awarded)</p>	1 mark for the meaning $+$ 1 mark for each statement $=$ 1 x 2 $=$ 2 marks $=$ 1+2 $=$ 3 marks
10	<p>Q. How do the 'market related factors' affect the choice of channels of distribution? Explain.</p>	$\frac{1}{2}$ mark for the

	<p>Ans. <u>Market related factors which affect the choice of channels of distribution:</u></p> <p>(i) Size of the market (ii) Geographical concentration of potential buyers. (iii) Quantity purchased.</p> <p>(If an examinee has not given the headings, no marks should be deducted)</p>	<p>heading + ½ mark for each explanation = 1 x 3 = 3marks</p>						
11	<p>Q. Aarav was working as a supervisor with 'Neer Purifier Ltd.' which was producing water purifiers. The target of the company was to produce 200 water purifiers every day. His job was to make sure that work goes on smoothly and there was no interruption in production. To achieve this, he always gives orders and insists that they are obeyed. He believes that reward or punishment both can be given depending upon the performance. Identify and describe the leadership style being adopted by Aarav.</p> <p>Ans. <u>Autocratic style of leadership.</u></p> <ul style="list-style-type: none"> • An autocratic leader gives orders and insists that they are obeyed. He does not give the subordinates any freedom to influence his decision. • He determines the policies for the group without consulting them. He does not give information about future plans but simply tells the group what immediate steps they must take. 	<p>1 mark for identification + 1 mark for each point of description = 1 x 2 = 2 marks = 1+2 = 3 marks</p>						
12	<p>Q. Distinguish between Capital Market and Money Market on the basis of the following : (a)Participants (b) Instruments</p> <p>Ans. DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET</p> <table border="1"> <thead> <tr> <th>Basis</th><th>CAPITAL MARKET</th><th>MONEY MARKET</th></tr> </thead> <tbody> <tr> <td>(a)Participants</td><td>The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.</td><td>Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.</td></tr> </tbody> </table>	Basis	CAPITAL MARKET	MONEY MARKET	(a)Participants	The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.	Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.	<p>1 ½ marks</p> <p>+</p>
Basis	CAPITAL MARKET	MONEY MARKET						
(a)Participants	The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.	Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.						

	(b) Instruments	The main instruments traded in the capital market are — Equity Shares, Debentures, Preference Shares, Bonds etc.	The main instruments traded in the money market are Treasury Bills, Commercial Bills, Commercial Paper and Certificates of Deposit.	1 ½ marks = 1 ½ + 1 ½ = 3 marks
13	<p>Q. KPM Ltd.' is manufacturing breads and biscuits for many years. It has approximately 150 employees and most of them are not happy with the working environment. Because of this the labour turnover rate is very high. Therefore the company appoints a new Human Resource Manager, Naveen, to analyse the situation. Naveen finds that there is no free flow of communication, and there is no suggestion box for the employees to voice their suggestions or grievances. The company rarely organises a social or cultural gathering, the employees just come, finish their work and leave the organisation.</p> <p>(a) Identify the communication barrier discussed above.</p> <p>(b) State the category of this communication barrier.</p> <p>(c) Explain any other communication barrier of the same category.</p> <p>Ans. (a) Organisational facilities.</p> <p>(b) <u>Organisational barriers</u> which are related organisational structure, authority relationships, rules and regulations.</p> <p>(c) <u>Other barriers in the same category are: (Any one)</u></p> <p>(i) Organisational policy.</p> <p>(ii) Rules and regulations.</p> <p>(iii) Status.</p> <p>(iv) Complexity in organisational structure.</p>			1 mark for identifying the barrier + ½ mark for naming the category of barrier + ½ mark for stating the category of the barrier + (½ mark for naming another barrier for its explanation) = 1+1+1 = 3marks
14	<p>Q. State any four points that highlight the significance of principles of management.</p> <p>Ans. <u>Significance of principles of management</u> :(any four):</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</p>			1 mark for each statement = 1 x 4 = 4 marks

	<p>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>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	
15	<p>Q. Explain the following rights of a consumer as provided under Consumer ' Protection Act, 1986 :</p> <p>(a) Right to Safety</p> <p>(b) Right to Consumer Education</p> <p>Ans. (a) <u>Right to Safety</u></p> <ul style="list-style-type: none"> ▪ Right to be protected against goods and services which are hazardous to life and health. ▪ 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. <p>(b) <u>Right to consumer education.</u></p> <ul style="list-style-type: none"> ▪ The consumer has the right to acquire knowledge and to be a well informed consumer. ▪ 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. 	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>
16	<p>Q. Harsh started a company 'Tiny-Toys Ltd.' to manufacture economical toys for the Indian rural market, with 20 employees. The company did very well in its initial years. As the products were good and marketed well, the demand of its products went up. To increase the production the company decided to recruit additional employees. Harsh who was earlier taking all 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 with different features.</p> <p>(a) Identify the concept used by Harsh through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of the importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) <u>Importance of decentralisation: (Any three)</u></p> <ul style="list-style-type: none"> (i) Develops initiative among subordinates. (ii) Develops managerial talent for the future. (iii) Quick decision making. 	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+</p> <p>½ mark</p>

	<p>(iv) Relief to top management. (v) Facilitates growth. (vi) Better control.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>for its explanation) = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
17	<p>Q. The workers of 'Swastik Ltd.' are unable to work on new computerized machines imported by the company to fulfill the increased demand. Therefore the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.</p> <p>Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.</p> <p>Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. <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 him 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>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark + 1 mark for each statement = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
18	<p>Q. 'Adharshila 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. As 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. Arvind, one of the prefects,</p>	

<p>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 paragraph.</p> <p>(c) Identify any two values which 'Adharshila Vidyalaya' communicated to the society.</p> <p>Ans. (a) <u>Principle of management</u> - <u>Espirit de corps</u>.</p> <p>(b) <u>Features of management</u>: (Any two)</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>OR</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>1 mark for identifying the principle</p> <p>+</p> <p>½ mark for stating each feature</p> <p>=</p> <p>(½ x 2)</p> <p>=</p> <p>1 mark</p> <p>+</p>
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	<p><i>‘With mutual trust and belongingness....’.</i> OR <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>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</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>(or any other correct value)</p>	<p>1 mark for each value = (1 x 2) = 2 marks = 1+1+2 = 4 marks</p>
19	<p>Q. 'Zaira Ltd.' is a large and creditworthy company manufacturing air-conditioned buses for the Indian market. It now wants to export these buses to other countries 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.</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>Ans. (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>1 mark for 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>Q. Give the meaning of 'Formal Organisation'. State its any four advantages.</p> <p>Ans. <u>Formal organisation</u> refers to the organisation structure which is designed by the management to accomplish its objectives.</p> <p><u>Advantages: (Any four)</u></p>	<p>1 mark for the meaning +</p>

	<p>(a) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined.</p> <p>(b) It <u>avoids duplication of effort</u> since there is no ambiguity in the role that each member has to play.</p> <p>(c) It <u>maintains unity of command</u> through an established chain of command.</p> <p>(d) It leads to <u>accomplishment of goals</u> by providing a framework for the operations to be performed.</p> <p>(e) It <u>provides stability</u> to the organisation because there are specific rules to guide behaviour of employees.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p> <p>=</p> <p>1+4</p> <p>=</p> <p>5 marks</p>
21	<p>Q. Kavya had been working with 'Reliable Ltd.' for the last ten years. She was famous for her dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Kavya would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Garima'. Because of this, Kavya felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.</p> <p>Miss Garima was a good leader who would not only instruct her subordinates but also guide and inspire them. She noticed Kavya's behaviour and felt that her performance could be improved. She started involving Kavya in decision-making issues related to the organization and made her a member of a high-level joint management committee. Kavya was now punctual to office and her performance started</p> <p>(a) Identify the function of management being performed by Garima.</p> <p>(b) Name the element of the above function of management which helped Garima to improve Kavya's behaviour.</p> <p>(c) State any three features of the element identified in (b) above.</p> <p>(a) Directing.</p> <p>(b) Motivation.</p> <p>(c) <u>Features of motivation: (Any three)</u></p> <p>(a) It is an internal feeling.</p> <p>(b) It produces goal directed behaviour.</p> <p>(c) It can be positive or negative.</p> <p>(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</p> <p>+</p> <p>1 mark for identifying the element</p> <p>=</p> <p>+</p> <p>1 mark for each feature</p> <p>=</p> <p>(1 x 3)</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+1+3</p> <p>=</p> <p>5 marks</p>

22	<p>Q. A company was manufacturing solar panels for charging of mobiles which were in great demand. It was found that the target of producing 500 solar panels a day was not being met by the employees. On analysis it was found that the workers were not at fault. Due to non-availability of raw materials 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 66 additional workers were required out of which 6 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.</p> <p>(b) State the two steps in the process of each function discussed in the above para.</p> <p>(c) List any two values which the company wants to communicate to the society.</p> <p>Ans. (a) Staffing and controlling.</p> <p>(b) Steps in Staffing:</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>(IF AN EXAMINEE HAS ONLY IDENTIFIED ‘ESTIMATING MANPOWER REQUIREMENTS’ AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</p> <p>Steps in controlling: (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>(½ mark for identifying each function = ½ x 2 = 1 mark)</p> <p>+</p> <p>(½ mark for identifying each step + ½ mark for either quoting the line OR stating the step = ½ x 4 = 2 marks)</p> <p>+</p> <p>(1 mark for each value = 1 x 2 = 2 marks)</p> <p>= 1+2+2 = 5 marks</p>
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	<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 approximatelyas subordinates under each head.</i></p> <p>(If an examinee has given all the steps of the process, ½ mark may be deducted)</p> <p>(c) Values which the company wants to communicate to the society: (Any two)</p> <p>(i) Using environment friendly methods of production. (ii) Women empowerment. (iii) Upliftment of underprivileged sections of the society.</p> <p>(or any other correct value)</p>	
23	<p>Q. Explain the following principles of management :</p> <p>(a) Harmony, not discord (b) Discipline.</p> <p>Ans. (a) <u>Harmony, Not Discord</u></p> <ul style="list-style-type: none"> ▪ The principle emphasises that there should be complete harmony between the management and the workers. ▪ This requires 'Mental revolution' on the part of both management and workers. Both management and the workers should transform their thinking. ▪ Management should share gains of the company if any with the workers and workers should work hard and be willing to embrace change for the good of the company. <p>(b) <u>Discipline</u></p> <ul style="list-style-type: none"> ▪ It is the obedience to organizational rules and employment agreement which are necessary for the working of the organization. ▪ It requires good superiors at all levels, clear and fair agreement and judicious application of penalties. ▪ Workers and management both should honour their commitments towards one another without prejudice. 	<p>1 x 3 = 3 marks</p> <p>+</p> <p>1 x 3 = 3 marks = 3+3 = 6 marks</p>
24	<p>Q.' Silkiya Ltd.' is a company manufacturing silk cloth. 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</p>	

	<p>opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.</p> <p>It has taken a loan of Rs.60 lakhs from SBI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.</p> <p>The above discussion about the company leads to various factors which decide how much profit should be retained and how much has to be distributed by the company.</p> <p>Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p>‘It has been consistently earning good profits for many years’.</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>‘There is availability of enough cash in the company’.</p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p>‘Good prospects for growth in the future’.</p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p>‘It has many shareholders who prefer to receive regular income from their investments’.</p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p>‘It has taken a loan of Rs.60 Lakhs from SBI Bank andagreement’</p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p>$\frac{1}{2}$ mark for identifying the factor + $\frac{1}{2}$ mark for quoting the line + $\frac{1}{2}$ mark for explanation = $1\frac{1}{2} \times 4$ = 6 marks</p>
25	<p>Q. Vasvi was a student of Commerce in class XII. Her father was a farmer, who grew different varieties of wheat and was well versed</p>	

	<p>about various aspects of wheat cultivation. He was also selected by the government for a pilot-project on wheat cultivation. As a project she decided to study the feasibility of marketing good quality wheat at reasonable price. Her father suggested to her to use internet to gather customers' views and opinions. She found that there was a huge demand for organic-packed wheat. She knew that there were no pre-determined specifications in case of wheat, because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Mahan-organic-wheat' and classified it into three different varieties namely - Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.</p> <p>Explain the three functions of marketing, with reference to the above paragraph.</p> <p>Ans. <u>Functions of marketing, with reference to the above paragraph are:</u></p> <p>(i) Gathering and analysing market information.</p> <p><i>'...use internet to gather customers' views and opinions.'</i></p> <p>(ii) Standardisation and Grading/ Grading.</p> <p><i>'...no pre-determined specifications in case of wheat because of which it would be difficult to achieve uniformity in the output.'</i></p> <p style="text-align: center;">OR</p> <p><i>'...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.</i></p> <p>(iii) Branding.</p> <p><i>'To differentiate the product from its competitors, she gave it the name of 'Mahan Organic Wheat'.'</i></p> <p style="text-align: center;">OR</p> <p><i>She felt that these names would help her in product differentiation.</i></p> <p>(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)</p>	<p>1 mark for naming the function</p> <p>+</p> <p>½ mark for quoting the line</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>2 x 3</p> <p>=</p> <p>6 marks</p>
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66/1/2	MARKING SCHEME-2014-15 BUSINESS STUDIES DELHI-66/1/2 EXPECTED ANSWERS / VALUE POINTS	DISTRI- BUTION OF MARKS
1	<p>Q. 'Reliable Transport Services Ltd.' specialises in transporting fruits and vegetables. It has a good reputation in the market as it delivers the fruits and vegetables at the right time and at the right place. State with reason whether the working capital requirements of 'Reliable Transport Services' will be high or low.</p> <p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p>$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for reason = $\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
2	<p>Q. 'Glow and Shine Ltd.' is a famous beauty brand offering organic beauty products for men and women. The company uses plant-based material 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. Identify the marketing management philosophy being followed 'Glow and Shine Ltd.'</p> <p>Ans. Societal marketing concept.</p>	<p>1 mark</p>
3	<p>Q. Pankaj purchased a car from 'Abhishek Motors' for Rs. 50 lakhs. The company offered many attractive gifts to Pankaj like - free insurance for first two years, free pick-up and drop facilities for free servicing upto 20,000 km, etc. But after a few days Pankaj noticed that the pick-up of the car was not good and there was some problems in the engine. The company serviced the car free of cost but even then Pankaj was not satisfied with its performance. 'Abhishek Motors' is not giving him the due response. So he filed a complaint in the State Commission but was not satisfied with its decision also. He was very much disturbed and after two months decided to appeal against it. Can Pankaj appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Pankaj cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	<p>$\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
4	<p>Q. Why is it said that principles of management are mainly behavioural in nature?</p> <p>Ans. Principles of management are mainly behavioural in nature as they aim at influencing behaviour of human beings.</p>	<p>1 mark</p>

5	<p>Q. 'Bawa Cycles' was in the business of manufacturing racing-cycles and had a monopoly in the market. The business was doing very well and the company was consistently meeting its objective of 10% increase in sales every year. Encouraged by the good track record, the Managing Director of the company kept an ambitious target of 15% increase in sales for the next year. The same year two competitors also entered the market and because of this the company was not able to meet its target. Identify the limitation of one of the functions of management because of which the company was not able to achieve its target.</p> <p>Ans. Planning may not work in a dynamic environment.</p>	1 mark
6	<p>Q. How do 'Floatation costs' affect the choice of capital structure of a company? State.</p> <p>Ans. 'Floatation costs' affect the choice of capital structure of a company as higher the floatation costs, less attractive the source of finance.</p>	1 mark
7	<p>Q. What is meant by 'Liberalisation'?</p> <p>Ans. Liberalisation means removal of unnecessary controls and restrictions on business.</p>	1 mark
8	<p>Q. Give the meaning of 'Rule' as a type of plan.</p> <p>Ans. A Rule is a specific statement that informs what is to be done and not to be done.</p>	1 mark
9	<p>Q. What is meant by 'functional structure' of an organization? State its any two advantages.</p> <p>Ans. Functional structure 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>1 mark for the meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+2</p> <p>=</p>

	<p>(f) It ensures that different <u>functions</u> get due attention.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	3 marks									
10	<p>Q. Distinguish between Capital Market and Money Market on the basis of the following : (a) Participants (b) Instruments</p> <p>Ans. DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET</p> <table border="1"> <thead> <tr> <th>Basis</th><th>CAPITAL MARKET</th><th>MONEY MARKET</th></tr> </thead> <tbody> <tr> <td>(a) Participants</td><td>The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.</td><td>Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.</td></tr> <tr> <td>(b) Instruments</td><td>The main instruments traded in the capital market are — Equity Shares, Debentures, Preference Shares, Bonds etc.</td><td>The main instruments traded in the money market are Treasury Bills, Commercial Bills, Commercial Paper and Certificates of Deposit.</td></tr> </tbody> </table>	Basis	CAPITAL MARKET	MONEY MARKET	(a) Participants	The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.	Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.	(b) Instruments	The main instruments traded in the capital market are — Equity Shares, Debentures, Preference Shares, Bonds etc.	The main instruments traded in the money market are Treasury Bills, Commercial Bills, Commercial Paper and Certificates of Deposit.	<p>1 ½ marks</p> <p>+</p> <p>1 ½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p>
Basis	CAPITAL MARKET	MONEY MARKET									
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11	<p>Q. KPM Ltd.' is manufacturing breads and biscuits for many years. It has approximately 150 employees and most of them are not happy with the working environment. Because of this the labour turnover rate is very high. Therefore the company appoints a new Human Resource Manager, Naveen, to analyse the situation. Naveen finds that there is no free flow of communication, and there is no suggestion box for the employees to voice their suggestions or grievances. The company rarely organises a social or cultural gathering, the employees just come, finish their work and leave the organisation.</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>Ans. (a) Organisational facilities.</p> <p>(b) Organisational barriers which are related organisational structure, authority</p>	<p>1 mark for identifying the barrier</p> <p>+</p> <p>½ mark for naming the category of barrier</p> <p>+</p> <p>½ mark for stating the category of the barrier</p> <p>+</p> <p>(½ mark for naming another</p>									

	<p>relationships, rules and regulations.</p> <p>(c) <u>Other barriers in the same category are: (Any one)</u></p> <p>(i) Organisational policy.</p> <p>(ii) Rules and regulations.</p> <p>(iii) Status.</p> <p>(iv) Complexity in organisational structure.</p>	<p>barrier</p> <p>+</p> <p>½ mark</p> <p>for its</p> <p>explanation)</p> <p>=</p> <p>1+1+1</p> <p>=</p> <p>3marks</p>
12	<p>Q. How do the 'market related factors' affect the choice of channels of distribution? Explain.</p> <p>Ans. <u>Market related factors which affect the choice of channels of distribution:</u></p> <p>(i) Size of the market</p> <p>(ii) Geographical concentration of potential buyers.</p> <p>(iii) Quantity purchased.</p> <p>(If an examinee has not given the headings, no marks should be deducted)</p>	<p>½ mark for the</p> <p>heading</p> <p>+</p> <p>½ mark for each</p> <p>explanation</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3marks</p>
13	<p>Q. Aarav was working as a supervisor with 'Neer Purifier Ltd.' which was producing water purifiers. The target of the company was to produce 200 water purifiers every day. His job was to make sure that work goes on smoothly and there was no interruption in production. To achieve this, he always gives orders and insists that they are obeyed. He believes that reward or punishment both can be given depending upon the performance.</p> <p>Identify and describe the leadership style being adopted by Aarav.</p> <p>Ans. <u>Autocratic style of leadership.</u></p> <ul style="list-style-type: none"> • An autocratic leader gives orders and insists that they are obeyed. He does not give the subordinates any freedom to influence his decision. • He determines the policies for the group without consulting them. He does not give information about future plans but simply tells the group what immediate steps they must take. 	<p>1 mark for</p> <p>identification</p> <p>+</p> <p>1 mark for each</p> <p>point</p> <p>of</p> <p>description</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+2</p> <p>=</p> <p>3 marks</p>
14	<p>Q. State any four points which highlight the importance of management.</p> <p>Ans. <u>Importance of management:</u> (Any four)</p> <p>(i) It helps in <u>achieving group goals</u> by giving a common direction to individual effort.</p> <p>(ii) It increases efficiency by <u>reducing costs</u> and <u>increasing productivity</u>.</p> <p>(iii) It <u>creates a dynamic organisation</u> by making the organisation adapt itself to the changing environment.</p>	<p>1 mark for</p> <p>each</p> <p>statement</p> <p>=</p> <p>1 x 4</p>

	<p>(iv) It helps in <u>achieving personal objectives</u> by motivating and leading in such a way that both personal goals and organisational objectives are accomplished.</p> <p>(v) Management helps in the development of society by providing <u>good quality products and services</u>, creating <u>employment</u> and adopting <u>new technology etc.</u></p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>=</p> <p>4 marks</p>
15	<p>Q. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:</p> <p>(a) Right to choose</p> <p>(b) Right to seek redressal.</p> <p>(a) <u>Right to choose</u></p> <ul style="list-style-type: none"> ▪ The consumer has the freedom to choose from a variety of products at competitive prices. ▪ Marketers should offer a wide variety of products in terms of quality, price, size etc. to enable the consumer to make the choice. <p>(b) <u>Right to seek redressal:</u></p> <ul style="list-style-type: none"> ▪ The consumer has a right to get relief in case the product or service falls short of his expectations. ▪ The Consumer Protection Act provides relief to customers such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer. 	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>4 marks</p>
16	<p>Q. 'Zaira Ltd.' is a large and creditworthy company manufacturing air-conditioned buses for the Indian market. It now wants to export these buses to other countries 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.</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>Ans. (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>1 mark for naming the instrument</p> <p>+</p> <p>1 mark for its explanation</p> <p>+</p> <p>1 mark for duration</p> <p>+</p> <p>1 mark for any other purpose</p> <p>=</p> <p>1+1+1+1</p>

	(c) It can also be used for seasonal and working capital needs.	= 4 marks
17	<p>Q. 'Adharshila 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. As 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. Arvind, 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 paragraph.</p> <p>(c) Identify any two values which 'Adharshila Vidyalaya' communicated to the society.</p> <p>Ans. (a) <u>Principle of management</u> - <i>Espirit de corps</i>.</p> <p>(b) <u>Features of management</u>: (Any two)</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>1 mark for identifying the principle</p> <p>+</p> <p>½ mark for stating each feature = (½ x 2) = 1 mark</p>

	<p><i>'...programme was systematically planned and executed'.</i> OR <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> OR <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>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</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;">(or any other correct value)</p>	<p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for each value = (1 x 2) = 2 marks = 1+1+2 = 4 marks</p>
18	<p>Q. The workers of 'Swastik Ltd.' are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.</p> <p>Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.</p> <p>Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. <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 him to <u>earn more</u> due to improved performance.</p>	<p style="text-align: center;">1 mark + 1 mark for each statement = 1 x 3</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>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>
19	<p>Q. Harsh started a company 'Tiny-Toys Ltd.' to manufacture economical toys for the Indian rural market, with 20 employees. The company did very well in its initial years. As the products were good and marketed well, the demand of its products went up. To increase the production the company decided to recruit additional employees. Harsh who was earlier taking all 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 with different features.</p> <p>(a) Identify the concept used by Harsh through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of the importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) Importance of decentralisation: (Any three)</p> <p>(i) Develops initiative among subordinates.</p> <p>(ii) Develops managerial talent for the future.</p> <p>(iii) Quick decision making.</p> <p>(iv) Relief to top management.</p> <p>(v) Facilitates growth.</p> <p>(vi) Better control.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+ ½ mark for its explanation)</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>
20	<p>Q. Give the meaning of 'Informal Organisation'. State its any two advantages and any two disadvantages.</p> <p>Ans. Informal organisation is a network of personal and social relations within the formal organisation arising spontaneously as people associate with one another.</p> <p>Advantages of informal organisation: (Any two)</p>	<p>1 mark for the</p>

	<p>(i) It leads to <u>faster spread of information</u> as well as a quick feedback.</p> <p>(ii) It fulfills the <u>social needs</u> of the members.</p> <p>(iii) It contributes towards fulfillment of organisational objectives by <u>compensating for inadequacies in the formal organisation</u>.</p> <p><u>Disadvantages of informal organisation: (Any two)</u></p> <p>(i) It may <u>spread rumours</u> which may work against the interest of the formal organisation.</p> <p>(ii) It may <u>resist changes</u> which may delay or restrict growth.</p> <p>(ii) It <u>pressurizes members</u> to conform to group expectations.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>meaning</p> <p>+</p> <p>1 mark for each advantage</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>+</p> <p>1 mark for each disadvantage</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+2+2</p> <p>=</p> <p>5 marks</p>
21	<p>Q. A company was manufacturing solar panels for charging of mobiles which were in great demand. It was found that the target of producing 500 solar panels a day was not being met by the employees. On analysis it was found that the workers were not at fault. Due to non-availability of raw materials 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 66 additional workers were required out of which 6 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.</p> <p>(b) State the two steps in the process of each function discussed in the above para.</p> <p>(c) List any two values which the company wants to communicate to the society.</p> <p>Ans. (a) Staffing and controlling.</p> <p>(b) Steps in Staffing:</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</p> <p>=</p> <p>½ x 2</p> <p>=</p> <p>1 mark)</p> <p>+</p> <p>(½ mark for identifying each step</p> <p>+</p> <p>½ mark for</p>

	<p>(ii) <u>Recruitment</u> which involves searching for prospective employees and stimulating them to apply for jobs in the organisation.</p> <p>(IF AN EXAMINEE HAS ONLY IDENTIFIED 'ESTIMATING MANPOWER REQUIREMENTS' AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</p> <p>Steps in controlling: (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 approximatelyas subordinates under each head.</i></p> <p>(If an examinee has given all the steps of the process, ½ mark may be deducted)</p> <p>(c) <u>Values which the company wants to communicate to the society:</u> (Any two)</p> <p>(i) Using environment friendly methods of production.</p> <p>(ii) Women empowerment.</p> <p>(iii) Upliftment of underprivileged sections of the society.</p> <p>(or any other correct value)</p>	<p>either quoting the line OR stating the step</p> <p>=</p> <p>$\frac{1}{2} \times 4$</p> <p>=</p> <p>2 marks)</p> <p>+</p> <p>(1 mark for each value</p> <p>=</p> <p>1×2</p> <p>=</p> <p>2 marks)</p> <p>=</p> <p>$1+2+2$</p> <p>=</p> <p>5 marks</p>
22	<p>Q. Kavya had been working with 'Reliable Ltd.' for the last ten years. She was famous for her dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Kavya would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Garima'. Because of this, Kavya felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.</p> <p>Miss Garima was a good leader who would not only instruct her subordinates but also guide and inspire them. She noticed Kavya's behaviour and felt that her performance could be improved. She started involving Kavya in decision-making issues related to the organization and</p>	

	<p>made her a member of a high-level joint management committee. Kavya was now punctual to office and her performance started</p> <p>(a) Identify the function of management being performed by Garima. (b) Name the element of the above function of management which helped Garima to improve Kavya's behaviour. (c) State any three features of the element identified in (b) above.</p> <p>(a) Directing. (b) Motivation.</p> <p>(c) <u>Features of motivation: (Any three)</u> (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>
23	<p>Q. Explain the following principles of management: (a) Authority and Responsibility. (b) Development of Each and Every Person to His or Her Greatest Efficiency.</p> <p>Ans. (a) Authority and Responsibility Meaning: There should be a balance between authority and responsibility.</p> <ul style="list-style-type: none"> ▪ An organisation should build safeguards against abuse of managerial power. ▪ At the same time, the manager should have the necessary authority to carry out his responsibility. ▪ The manager should have the right to punish a subordinate for not obeying orders but only after sufficient opportunity has been given to a subordinate for presenting his /her case. <p>(Any two points from the above points along with the meaning)</p> <p>(b) <u>Development of Each and Every Person to His or Her Greatest Efficiency</u></p> <ul style="list-style-type: none"> ▪ This principle is concerned with efficiency of employees which could be built in right from the process of employee selection. ▪ The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency. ▪ Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers. 	<p>1 x 3 = 3 marks + 1 x 3 = 3 marks 3+3 = 6 marks</p>
24	<p>Q. Vasvi was a student of Commerce in class XII. Her father was a farmer, who grew different varieties of wheat and was well versed about various aspects of wheat cultivation. He was also selected by the government for a pilot-project on wheat cultivation. As a project she</p>	

	<p>decided to study the feasibility of marketing good quality wheat at reasonable price. Her father suggested to her to use internet to gather customers' views and opinions. She found that there was a huge demand for organic-packed wheat. She knew that there were no pre-determined specifications in case of wheat, because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Mahan-organic-wheat' and classified it into three different varieties namely - Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation. Explain the three functions of marketing, with reference to the above paragraph.</p> <p>Ans. <u>Functions of marketing, with reference to the above paragraph are:</u></p> <p>(i) Gathering and analysing market information.</p> <p><i>'...use internet to gather customers' views and opinions.'</i></p> <p>(ii) Standardisation and Grading/ Grading.</p> <p><i>'...no pre-determined specifications in case of wheat because of which it would be difficult to achieve uniformity in the output.'</i></p> <p style="text-align: center;">OR</p> <p><i>'...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.</i></p> <p>(iii) Branding.</p> <p><i>'To differentiate the product from its competitors, she gave it the name of 'Mahan Organic Wheat'.'</i></p> <p style="text-align: center;">OR</p> <p><i>She felt that these names would help her in product differentiation.</i></p> <p>(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)</p>	<p>1 mark for naming the function + ½ mark for quoting the line + ½ mark for its explanation = 2 x 3 = 6 marks</p>
25	<p>Q.' Silkiya Ltd.' is a company manufacturing silk cloth. 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.60 lakhs from SBI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement. The above discussion about the company leads to various factors which</p>	

<p>decide how much profit should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p>‘It has been consistently earning good profits for many years’.</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>‘There is availability of enough cash in the company’.</p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p>‘Good prospects for growth in the future’.</p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p>‘It has many shareholders who prefer to receive regular income from their investments’.</p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p>‘It has taken a loan of Rs.60 Lakhs from SBI Bank andagreement’</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>
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66/1/3	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES DELHI-66/1/3 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRI- BUTION OF MARKS</p>
1	<p>Q. Pankaj purchased a car from 'Abhishek Motors' for Rs. 50 lakhs. The company offered many attractive gifts to Pankaj like - free insurance for first two years, free pick-up and drop facilities for free servicing upto 20,000 km, etc. But after a few days Pankaj noticed that the pick-up of the car was not good and there was some problems in the engine. The company serviced the car free of cost but even then Pankaj was not satisfied with its performance. 'Abhishek Motors' is not giving him the due response. So he filed a complaint in the State Commission but was not satisfied with its decision also. He was very much disturbed and after two months decided to appeal against it.</p> <p>Can Pankaj appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Pankaj cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	<p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$ $=$ 1 mark</p>
2	<p>Q. How do 'Floatation costs' affect the choice of capital structure of a company? State.</p> <p>Ans . 'Floatation costs' affect the choice of capital structure of a company as higher the floatation costs, less attractive the source of finance.</p>	<p style="text-align: center;">1 mark</p>
3	<p>Q. 'Reliable Transport Services Ltd.' specialises in transporting fruits and vegetables. It has a good reputation in the market as it delivers the fruits and vegetables at the right time and at the right place.</p> <p>State with reason whether the working capital requirements of 'Reliable Transport Services' will be high or low.</p> <p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for reason $=$ $\frac{1}{2} + \frac{1}{2}$ $=$ 1 mark</p>
4	<p>Q. 'Glow and Shine Ltd.' is a famous beauty brand offering organic beauty products for men and women. The company uses plant-based material 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. Identify the marketing management philosophy being followed 'Glow and Shine Ltd.'</p> <p>Ans. Societal marketing concept.</p>	<p style="text-align: center;">1 mark</p>

5	<p>Q. Why is it said that principles of management are mainly behavioural in nature?</p> <p>Ans. Principles of management are mainly behavioural in nature as they aim at influencing behaviour of human beings.</p>	1 mark
6	<p>Q. 'Bawa Cycles' was in the business of manufacturing racing-cycles and had a monopoly in the market. The business was doing very well and the company was consistently meeting its objective of 10% increase in sales every year. Encouraged by the good track record, the Managing Director of the company kept an ambitious target of 15% increase in sales for the next year. The same year two competitors also entered the market and because of this the company was not able to meet its target. Identify the limitation of one of the functions of management because of which the company was not able to achieve its target.</p> <p>Ans. Planning may not work in a dynamic environment.</p>	1 mark
7	<p>Q. What is meant by 'Globalisation'?</p> <p>Ans. Globalisation means integrating the various economies of the world leading towards the emergence of a cohesive global economy.</p>	1 mark
8	<p>Q. Give the meaning of 'Strategy' as a type of plan.</p> <p>Ans. A strategy is a comprehensive plan made in response to changes in the business environment to achieve organisational objectives.</p>	1 mark
9	<p>Q. Give the meaning of 'Divisional Structure of an organisation' with the help of a diagram.</p> <p>Ans. Divisional structure is an organisation structure comprising of separate business units or divisions.</p> <p style="text-align: center;"><u>Divisional structure</u></p> <pre> graph TD MD[Managing Director] --> Cosmetics MD --> Garments MD --> Footwear MD --> Skin_care[Skin care] Garments --> HR[Human Resources] Garments --> Marketing Garments --> RD[Research and Development] Garments --> Purchasing </pre> <p style="text-align: center;">(Or any other correct diagram)</p>	<p>1 mark for the meaning +</p> <p>2 marks for the diagram = 1+2 = 3marks</p>

10	<p>Q. KPM Ltd.' is manufacturing breads and biscuits for many years. It has approximately 150 employees and most of them are not happy with the working environment. Because of this the labour turnover rate is very high. Therefore the company appoints a new Human Resource Manager, Naveen, to analyse the situation. Naveen finds that there is no free flow of communication, and there is no suggestion box for the employees to voice their suggestions or grievances. The company rarely organises a social or cultural gathering, the employees just come, finish their work and leave the organisation.</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>Ans. (a) Organisational facilities.</p> <p>(b) <u>Organisational barriers</u> which are related organisational structure, authority relationships, rules and regulations.</p> <p>(c) <u>Other barriers in the same category are: (Any one)</u> (i) Organisational policy. (ii) Rules and regulations. (iii) Status. (iv) Complexity in organisational structure.</p>	<p>1 mark for identifying the barrier + ½ mark for naming 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>									
11	<p>Q. Distinguish between Capital Market and Money Market on the basis of the following : (a)Participants (b) Instruments</p> <p>Ans. DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET</p> <table border="1" data-bbox="228 1325 1260 1942"> <thead> <tr> <th>Basis</th><th>CAPITAL MARKET</th><th>MONEY MARKET</th></tr> </thead> <tbody> <tr> <td>(a)Participants</td><td>The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.</td><td>Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.</td></tr> <tr> <td>(b) Instruments</td><td>The main instruments traded in the capital market are — Equity Shares, Debentures, Preference Shares,</td><td>The main instruments traded in the money market are Treasury Bills, Commercial Bills, Commercial Paper and</td></tr> </tbody> </table>	Basis	CAPITAL MARKET	MONEY MARKET	(a)Participants	The participants in the capital market are — financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from the public.	Participants in the money market are financial institutions, RBI, banks, public and private companies and individual investors.	(b) Instruments	The main instruments traded in the capital market are — Equity Shares, Debentures, Preference Shares,	The main instruments traded in the money market are Treasury Bills, Commercial Bills, Commercial Paper and	<p>1 ½ marks</p> <p>+</p> <p>1 ½ marks</p> <p>=</p>
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		Bonds etc.	Certificates of Deposit.	$1\frac{1}{2} + 1\frac{1}{2}$ $=$ 3 marks
12	<p>Q. Aarav was working as a supervisor with 'Neer Purifier Ltd.' which was producing water purifiers. The target of the company was to produce 200 water purifiers every day. His job was to make sure that work goes on smoothly and there was no interruption in production. To achieve this, he always gives orders and insists that they are obeyed. He believes that reward or punishment both can be given depending upon the performance. Identify and describe the leadership style being adopted by Aarav.</p> <p>Ans. Autocratic style of leadership.</p> <ul style="list-style-type: none"> An autocratic leader gives orders and insists that they are obeyed. He does not give the subordinates any freedom to influence his decision. He determines the policies for the group without consulting them. He does not give information about future plans but simply tells the group what immediate steps they must take. 			<p>1 mark for identification $+$ 1 mark for each point of description $=$ 1×2 $=$ 2 marks $=$ $1+2$ $=$ 3 marks</p>
13	<p>Q. How do the 'market related factors' affect the choice of channels of distribution? Explain.</p> <p>Ans. Market related factors which affect the choice of channels of distribution: (i) Size of the market (ii) Geographical concentration of potential buyers. (iii) Quantity purchased.</p> <p>(If an examinee has not given the headings, no marks should be deducted)</p>			<p>$\frac{1}{2}$ mark for the heading $+$ $\frac{1}{2}$ mark for each explanation $=$ 1×3 $=$ 3marks</p>
14	<p>Q. State any four points that highlight the importance of business environment.</p> <p>Ans. Importance of business environment: (Any four)</p> <p>(i) It helps to <u>identify opportunities and getting the first mover advantage</u> instead of losing them to the competitors. (ii) It helps to <u>identify threats</u> on time which serves as an early warning signal. (iii) It helps in <u>tapping useful resources</u> so that it can convert them into output that the environment desires. (iv) It helps in <u>coping with rapid changes</u> in an increasingly dynamic environment. (v) It helps in <u>assisting in planning and policy formulation</u>. (vi) It helps in <u>improving performance</u> by continuously monitoring the environment and adopting suitable practices.</p> <p>(If an examinee has given only the headings, $\frac{1}{2}$ mark for each heading should be awarded)</p>			<p>1 mark for each statement $= 1 \times 4$ $=$ 4 marks</p>

15	<p>Q. Explain the following rights of a consumer as provided under Consumer Protection Act, 1986: (a) Right to be informed (b) Right to be heard.</p> <p>Ans. (a) Right to be informed:</p> <ul style="list-style-type: none"> ▪ 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. ▪ It is because of this reason that the legal framework in India requires the manufacturers to provide such information on the package and label of the product. <p>(b) Right to be heard:</p> <ul style="list-style-type: none"> ▪ The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service. ▪ It is because of this reason many firms have set up their own consumer service and grievance cells. 	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>4 marks</p>
16	<p>Q. 'Zaira Ltd.' is a large and creditworthy company manufacturing air-conditioned buses for the Indian market. It now wants to export these buses to other countries 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.</p> <p>(a) Name and explain the money market instrument the company can use for the above purpose. (b) What is the duration for which the company can get funds through this instrument ? (c) State any other purpose for which this instrument can be used.</p> <p>Ans. (a) Commercial Paper. 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>1 mark for naming the instrument</p> <p>+</p> <p>1 mark for its explanation</p> <p>+</p> <p>1 mark for duration</p> <p>+</p> <p>1 mark for any other purpose</p> <p>=</p> <p>1+1+1+1</p> <p>=</p> <p>4 marks</p>
17	<p>Q. 'Adharshila 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. As there was a spirit of unity and harmony and all members supported each</p>	

	<p>other with mutual trust and belongingness, the programme was systematically planned and executed. Arvind, 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 paragraph.</p> <p>(c) Identify any two values which 'Adharshila Vidyalaya' communicated to the society.</p> <p>Ans. (a) <u>Principle of management</u> - Espirit de corps.</p> <p>(b) <u>Features of management:</u> (Any two)</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>OR</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>1 mark for identifying the principle</p> <p>+</p> <p>½ mark for stating each feature = (½ x 2) = 1 mark</p> <p>+</p>
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	<p>(v) MANAGEMENT IS INTANGIBLE</p> <p><i>‘With mutual trust and belongingness....’.</i> OR <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>(IF AN EXAMINEE HAS IDENTIFIED THE FEATURE OF MANAGEMENT CORRECTLY, FULL CREDIT BE GIVEN FOR EITHER QUOTING THE LINE OR GIVING THE STATEMENT)</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>(or any other correct value)</p>	<p>1 mark for each value = (1 x 2) = 2 marks = 1+1+2 = 4 marks</p>
18	<p>Q. The workers of 'Swastik Ltd.' are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.</p> <p>Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.</p> <p>Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. <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 him 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>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark + 1 mark for each statement = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
19	Q. Harsh started a company 'Tiny-Toys Ltd.' to manufacture economical	

	<p>toys for the Indian rural market, with 20 employees. The company did very well in its initial years. As the products were good and marketed well, the demand of its products went up. To increase the production the company decided to recruit additional employees. Harsh who was earlier taking all 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 with different features.</p> <p>(a) Identify the concept used by Harsh through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of the importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) <u>Importance of decentralisation:</u> (Any three)</p> <p>(i) Develops initiative among subordinates.</p> <p>(ii) Develops managerial talent for the future.</p> <p>(iii) Quick decision making.</p> <p>(iv) Relief to top management.</p> <p>(v) Facilitates growth.</p> <p>(vi) Better control.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+</p> <p>½ mark for its explanation)</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>
20	<p>Q. State the features of 'Formal Organisation'.</p> <p>Ans. <u>Features of 'Formal Organisation':</u></p> <p>(i) It clarifies <u>who has to report to whom</u>.</p> <p>(ii) It is a <u>means to achieve the objectives</u> as it lays down rules and procedures for their achievement.</p> <p>(iii) It <u>coordinates the efforts</u> of various departments.</p> <p>(iv) It is <u>deliberately designed</u> by the top management to facilitate smooth functioning.</p> <p>(v) It places <u>more emphasis on work</u> rather than inter-personal relationships.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5marks</p>
21	<p>Q. Kavya had been working with 'Reliable Ltd.' for the last ten years. She was famous for her dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Kavya would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Garima'. Because of this, Kavya felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.</p>	

	<p>Miss Garima was a good leader who would not only instruct her subordinates but also guide and inspire them. She noticed Kavya's behaviour and felt that her performance could be improved. She started involving Kavya in decision-making issues related to the organization and made her a member of a high-level joint management committee. Kavya was now punctual to office and her performance started</p> <p>(a) Identify the function of management being performed by Garima. (b) Name the element of the above function of management which helped Garima to improve Kavya's behaviour. (c) State any three features of the element identified in (b) above.</p> <p>(a) Directing. (b) Motivation. (c) <u>Features of motivation: (Any three)</u> (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 solar panels for charging of mobiles which were in great demand. It was found that the target of producing 500 solar panels a day was not being met by the employees. On analysis it was found that the workers were not at fault. Due to non-availability of raw materials 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 66 additional workers were required out of which 6 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) Steps in Staffing:</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>(IF AN EXAMINEE HAS ONLY IDENTIFIED 'ESTIMATING MANPOWER REQUIREMENTS' AS A STEP IN THE STAFFING PROCESS, FULL CREDIT IS TO BE GIVEN)</p> <p>Steps in controlling: (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 approximatelyas subordinates under each head.</i></p> <p>(If an examinee has given all the steps of the process, ½ mark may be deducted)</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.</p> <p>(ii) Women empowerment.</p> <p>(iii) Upliftment of underprivileged sections of the society.</p> <p>(or any other correct value)</p>	<p>(½ mark for identifying each function = ½ x 2 = 1 mark)</p> <p>+</p> <p>(½ mark for identifying each step + ½ mark for either quoting the line OR stating the step = ½ x 4 = 2 marks)</p> <p>+</p> <p>(1 mark for each value = 1 x 2 = 2 marks) = 1+2+2 = 5 marks</p>
23	<p>Q. Explain the following principles of management:</p> <p>(a) Co-operation, not Individualism</p> <p>(b) Subordination of Individual Interest to General Interest.</p> <p>(a) <u>Cooperation, not individualism:</u></p> <ul style="list-style-type: none"> There should be complete co-operation between the management and the workers instead of individualism. 	<p>1 x 3 =</p>

	<ul style="list-style-type: none"> This principle is an extension of principle of 'Harmony, Not Discord'. Competition should be replaced by cooperation. For all important decisions taken by the management, workers should be taken into confidence. The management should be open to any constructive suggestions made by the employees and suitably reward them. <p>(b) <u>Subordination of Individual Interest to General Interest:</u></p> <ul style="list-style-type: none"> The interests of an organisation should take priority over the interests of any individual employee. The larger interests of the workers and stakeholders are more important than the interest of any one person. A manager can ensure this by his/ her exemplary behaviour. 	<p>3 marks</p> <p>+</p> <p>1 x 3 = 3 marks = 3+3 = 6 marks</p>
24	<p>Q.' Silkiya Ltd.' is a company manufacturing silk cloth. 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.60 lakhs from SBI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement. The above discussion about the company leads to various factors which decide how much profit should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p>'It has been consistently earning good profits for many years'.</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>'There is availability of enough cash in the company'.</p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p>'Good prospects for growth in the future'.</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>

	<p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders' preference</u></p> <p>'It has many shareholders who prefer to receive regular income from their investments'.</p> <p>Shareholder's preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p>'It has taken a loan of Rs.60 Lakhs from SBI Bank andagreement'</p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	
25	<p>Q. Vasvi was a student of Commerce in class XII. Her father was a farmer, who grew different varieties of wheat and was well versed about various aspects of wheat cultivation. He was also selected by the government for a pilot-project on wheat cultivation. As a project she decided to study the feasibility of marketing good quality wheat at reasonable price. Her father suggested to her to use internet to gather customers' views and opinions. She found that there was a huge demand for organic-packed wheat. She knew that there were no pre-determined specifications in case of wheat, because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Mahan-organic-wheat' and classified it into three different varieties namely - Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation. Explain the three functions of marketing, with reference to the above paragraph.</p> <p>Ans. <u>Functions of marketing, with reference to the above paragraph are:</u></p> <p>(i) Gathering and analysing market information.</p> <p><i>'...use internet to gather customers' views and opinions.'</i></p> <p>(ii) Standardisation and Grading/ Grading.</p> <p><i>'...no pre-determined specifications in case of wheat because of which it would be difficult to achieve uniformity in the output.'</i></p> <p style="text-align: center;">OR</p> <p><i>'...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.</i></p> <p>(iii) Branding.</p> <p><i>'To differentiate the product from its competitors, she gave it the name of</i></p>	<p>1 mark for naming the function</p> <p>+</p> <p>½ mark for quoting the line</p> <p>+</p> <p>½ mark</p>

	<p><i>'Mahan Organic Wheat'.</i></p> <p>OR</p> <p><i>She felt that these names would help her in product differentiation.</i></p> <p>(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)</p>	<p>for its explanation</p> <p>=</p> <p>2 x 3</p> <p>=</p> <p>6 marks</p>
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