Class – XII

BUSINESS STUDIES

Marking Scheme 2018-19

Answers

Time allowed : 3 Hours Maximum Marks : 80

<table>
<tr><td colspan="3">SECTION- A</td></tr>
<tr><td>1.</td><td>Process highlighted in the statement is ‘Management’.</td><td>1</td></tr>
<tr><td>2.</td><td><table><tr><td>Basis</td><td>Delegation</td><td>Decentralisation</td></tr><tr><td>Freedom of Action</td><td>More control by superiors hence less freedom to take own decisions.</td><td>Less control over executives hence greater freedom of action.</td></tr></table>
OR
<table><tr><td>Basis</td><td>Authority</td><td>Responsibility</td></tr><tr><td>Origin</td><td>Arises from formal position.</td><td>Arises from delegated authority.</td></tr></table></td><td>1</td></tr>
<tr><td>3.</td><td>The process of stimulating and inspiring people at work to accomplish desired objectives is known as Motivation.
OR
Apprenticeship programmes can be used to give training to the plumbers.</td><td>1</td></tr>
<tr><td>4</td><td>Marketing management refers to planning, organising, directing and controlling of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.
OR
Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.</td><td>1</td></tr>
<tr><td>5</td><td>No, Mohit cannot file a complaint against the seller in the consumer court as he does not have cash-memo. He had purchased mobile phone on the verbal commitment only.</td><td>1</td></tr>
<tr><td>6</td><td>Capital budgeting decision involves allocation of funds to different projects or assets with long term implications.</td><td>1</td></tr>
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7	Autocratic style of leadership is being followed by the manager in the given situation.	1
8	Budget is the type of plan formulated by the financial manager.	1
	Section B	
9	Importance of directing: (Any three statements) 1. Directing helps to initiate action in the organization towards attainment of desired objectives. 2. Directing integrates employees' efforts in the organization in such a way that e very individual effort contributes to the organisational performance. 3. Directing guides employees to fully realize their potential and capabilities by motivating and effective leadership. 4. Directing facilitates introduction of needed changes in the organisation. 5. Effective directing helps to bring stability in the organization.	1X3= 3
	OR	
	Measures to overcome communication barriers : 1. Clarify the ideas before communication. 2. Communicate according to the needs of the receiver. 3. Consult others before communicating. 4. Be aware of the languages, tone and content of messages. 5. Convey things of help and value to listeners. 6. Ensure proper feedback. 7. Communicate for present as well as future. 8. Follow up communications. 9. Be a good listener. (Any three statements)	
1 0	(a) Planning (b) (i) Identifying alternative courses of action. (ii) Evaluating alternative courses of action.	1 1X2
1 1	<u>Objectives of SEBI:</u> (any three) 1. To regulate stock exchanges and the securities industry to promote their orderly functioning. 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them. 3. To prevent trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation. 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.	1X3= 3
	OR	

	Functions of Financial Market: (Any three) 1. Financial markets mobilise savings of households and channelize them into the most productive uses. 2. It facilitates price discovery of a financial asset through interaction between supply and demand of funds. 3. Financial markets provide liquidity to financial assets, so that they can be easily converted into cash whenever required. 4. Financial markets provide valuable information about securities being traded in the market and thereby, help to reduce cost of transaction in terms of time, effort and money.	
12	The given statement is true as delegation helps a manager to extend his area of operation as without it his activities would be restricted to only what he himself can do. However, delegation does not mean abdication; the manger shall still be accountable for the assigned task.	3
13	Factors affecting fixed capital requirements are: (any six) i. Scale of operations ii. Financing alternatives iii. Growth prospects iv. Nature of Business v. Diversification vi. Level of Collaboration vii. Technology Upgradation viii. Financing Alternatives	3
	SECTION C	
14	The various dimensions of business environment which relate to the above me ntioned case are stated below: a) Political Environment: Political environment includes political c onditions such as general stability and peace in the country and sp ecific attitudes that elected government representatives hold tow ards business. b) Legal Environment: Legal environment includes various legislations pass ed by the Government administrative orders issued by government aut horities, court judgments as well as the decisions rendered by vari ous commissions and agencies at every level of the government centre, state or local. It is imperative for the management of every ente rprise to obey the law of the land. c) Technological Environment: Technological environment includes f orces relating to scientific improvements and innovations which pr ovide new ways of producing goods and services and new methods and techniques of operating a business. **(any two)**	4

15	**PRIMARY AND SECONDARY MARKETS – A COMPARISION**	1X4= 4

PRIMARY MARKETS	SECONDARY MARKETS
(i) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	(i) There is trading of existing shares only.
(ii) Securities are sold by the company to the investor directly (or through an intermediary).	(ii) Ownership of existing securities is exchanged between investors. The company is not involved at all.
(iii) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	(iii) Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.
(iv) Only buying of securities takes place in the primary market, securities cannot be sold there.	(iv) Both the buying and the selling of securities can take place on the stock exchange.
(v) Prices are determined and decided by the management of the company.	(v) Prices are determined by forces of demand and supply.
(vi) There is no fixed geographical location.	(vi) Located at specified places.

(any four)

OR

Basis	Capital Market	Money Market
Liquidity	Capital market securities are considered liquid but less liquid than money market securities.	Money market securities enjoy higher degree of liquidity.
Duration	Capital market deals with medium and long term securities.	Money Market deals with short term securities.
Expected Return	The investment in capital markets yield higher return due to longer duration.	The investment in money market yields less return due to short duration.
Safety	Capital market securities are riskier than money market instruments.	Money market securities are comparatively safer than capital market securities.

16	(i) Right to Information (ii) CONSUMER RESPONSIBILITIES (Any two) : a. Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. b. Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc. c. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely. d. Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. e. Assert yourself to ensure that you get a fair deal. f. Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc. g. Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.	1 1X3= 3
17	Characteristics of a good brand name: (Any four) (i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc. (ii) A brand should suggest the product's benefits and qualities. It should be appropriate to the product's function. e.g., Rasika, Genteel, Promise, My Fair Lady and Boost. (iii) A brand name should be distinctive e.g., Liril, Sprit, Safari, Zodiac. (iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages. (v) The brand name should be sufficiently versatile to accommodate new products, which are added to the product line. e.g. Maggie, Colgate. (vi) It should be capable of being registered and protected legally. (vii) Chosen name should have staying power i.e., it should not get out of date	1X4= 4
	OR	
	Functions of packaging: (i) Product Identification: Packaging greatly helps in identification of the products. For example, Colgate in red colour, or Ponds cream jar can be easily identified by its package. (ii) Product Protection: Packaging protects the contents of a product from spoilage, breakage, leakage, pilferage, damage, climatic effect, etc. This kind of protection is required during storing, distribution and transportation of the product. (iii) Facilitating Use of the Product: The size and shape of the package should be such that it should be convenient to open, handle and use for the	

	consumers. Cosmetics, medicines and tubes of toothpastes are good examples of this. (iv) Product Promotion: Packaging is also used for promotion purposes. A startling colour scheme, photograph or typeface may be used to attract attention of the people at the point of purchase. Sometimes it may work even better than advertising. In self-service stores, this role of packaging becomes all the more important.	
18	(i) The communication barrier discussed in the above paragraph is Lack of proper incentives. (ii) It is a type of Personal barrier. (iii) Other communication barriers of the same category are: (any two+ with suitable explanation) a) Fear of challenge to authority b) Lack of confidence of superior on his subordinates c) Unwillingness to communicate.	1 1 1X2= 2
19	(a) Commercial paper – it is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. (b) 15 days to one year. (c) It is used to provide short term funds for seasonal and working capital needs of the business.	
	SECTION D	
20	a. Usable benefit b. Quantity Gifts c. Rebate d. Product combination e. Refund	1X5= 5
21	Following are the functions performed by the middle level manager:- (i) interpret the policies framed by top management (ii) ensure that their department has the necessary personnel, (iii) assign necessary duties and responsibilities to them, (iv) motivate them to achieve desired objectives, (v) Cooperate with other departments for smooth functioning of the organization.	1X5= 5
	OR	
	Characteristics of Coordination: (i) Coordination unifies unrelated or diverse interests into purposeful work activity. (ii) The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. (iii)Coordination is not a one-time function but a continuous process. It begins	

	at the planning stage and continues till controlling. (iv) Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. (v) Coordination is the responsibility of all managers at the top, middle and lower level. (vi) Coordination is the deliberate function of management. (ANY FIVE)	
22	(i) Controlling (ii) Following are the first four steps involved in the controlling process:- (a) Setting Performance Standards: The first step in the controlling process is setting up of performance standards. Standards are the criteria against which actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work. Standards can be set in both quantitative as well as qualitative terms. (b) Measurement of Actual Performance: Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. As far as possible, performance should be measured in the same units in which standards are set as this would make their comparison easier. (c) Comparing Actual Performance with Standards: This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms. (d) Analysing Deviations: Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas.	1 1X4= 4

	SECTION E	
23	Differentiate between functional structure and divisional structure:	1X6= 6

S.No.	BASIS	FUNCTIONAL STRUCTURE	DIVISIONAL STRUCTURE
1.	Formation	Formation is based on functions	Formation is based on product lines and is supported by functions.
2	Specialisation	Functional specialisation.	Product specialisation.
3	Responsibility	Difficult to fix on a department.	Easy to fix responsibility for performance.
4	Managerial Development	Difficult, as each functional manager has to report to the top management.	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.
5	Cost	Functions are not duplicated hence economical	Duplication of resources in various departments, hence costly.
6	Coordination	Difficult for a multiproduct company.	Easy, because all functions related to a particular product are integrated in one

OR

Difference Between Formal and informal organization:

S.No.	BASIS	Formal organisation	Informal organisation
1.	Meaning	Structure of authority relationships created by the management.	Network of social relationships arising out of interaction among employees.
2	Origin	Arises as a result of company rules and policies.	Arises as a result of social interaction.
3	Authority	Arises by virtue of position in management.	Arises out of personal qualities
4	Behavior	It is directed by rules.	There is no set behavior pattern.
5	Flow of communication	Communication takes place through the scalar chain	Flow of communication is not through a planned

				route. It can take place in any direction.
	6	Nature	Rigid	Flexible
	7	Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.

(Any Six)

24	Following are the steps involved in the selection process:- (i) Preliminary Screening: Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms. (ii) Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality (iii) Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer. (iv) Reference and Background Checks: Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references. (v) Selection Decision: The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. (vi) Medical Examination: After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination.	1X6= 6
25	(i) UNITY OF COMMAND - According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle.	3

	(ii) FATIGUE STUDY - A person is bound to feel tired physically and mentally if she/he does not rest while working. The rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity. Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task.	3