

BUSINESS STUDIES

Time allowed : 3 hours

Maximum marks: 100

General Instructions:

- (1) *Answers to questions carrying 2-3 marks should not exceed **30-40** words.*
- (2) *Answers to questions carrying 4-5 marks should not exceed **60-80** words.*
- (3) *Answers to questions carrying 6 marks should not exceed **100** words.*
- (4) *Attempt all parts of a question together.*

QUESTION PAPER CODE 66/1/1

1. What is meant by Supervision ? 2
2. What is meant by Marketing Management ? 2
3. Explain in brief the concept of Personal Selling. 2
4. What role does social environment play in the business ? 2
5. Mohan, a manager expects his subordinates to adapt to the new environs and working conditions without giving them time to settle down. Which principle of management is being overlooked and why ? 2
6. Write short note on 'management as an activity'. 3
7. State any three factors that influence the effectiveness of a leader. 3
8. Distinguish between 'formal' and 'informal' communication. 3
9. Briefly explain any three Objectives of marketing management. 3
10. State with reasons your choice of a media of advertising for selling of toys. 3
11. Differentiate between 'management' and 'administration'. 4
12. What is meant by 'money market' ? Briefly explain the concept of 'call money'. 4
13. Define 'delegation' and differentiate it with 'decentralisation'. Any three points. 4
14. With the help of suitable examples bring out any four differences between training and development. 4
15. What is meant by a 'Primary Market' ? Briefly explain the concept of 'Initial Public Offer.' 4

16. What is meant by 'Work Study' ? Briefly explain the role of 'Time' and 'Motion' studies while setting the Standard Task. 5
17. Explain in brief the term 'Liberalisation'. In what ways have the Indian business houses/managements responded to this change ? 5
18. What is meant by 'controlling' ? Briefly explain any three points of importance of controlling. 5
19. Explain the term 'Financial Management'. Briefly explain any three of its objectives. 5
20. What is meant by the term 'Capital Structure' ? Briefly explain any three factors that affect the capital structure of a company. 5
21. Explain the steps involved in the process of organisation. 6

OR

Briefly explain the considerations that need to be kept in mind while designing the organisational structure of a company.

22. What are the features of 'Planning' ? Explain any six. 6

OR

Explain how does planning help reducing uncertainties ?

23. What is meant by 'Recruitment' ? Explain any five external sources of recruitment of employees. 6

OR

What is meant by 'Selection' ? Explain any five steps involved in the process of selection of employees.

24. Briefly explain the different factors that determine the choice of channels of distribution of any product. 6

OR

“Advertising misleads customers and increases the cost of products”. Do you agree with this statement ? Give reasons in support of your answer.

25. Explain any three ways and means of consumer protection available in India. 6

OR

Explain any three responsibilities of the consumer to safeguard his interest.

QUESTION PAPER CODE 66/1

1. What is meant by the term 'Motivation' ? 2
2. What is meant by Sales Promotion ? 2
3. Define Product Mix. 2

4. What role does legal environment play in the business ? 2
 5. Mohan, a manager, does not distribute the work amongst his subordinates, either according to capability or proportionately. Which principle of management is being overlooked and why ? 2
 6. Write a short note on 'Management as a Discipline'. 3
 7. Briefly explain any three barriers to effective communication. 3
 8. Distinguish between 'Direction' and 'Supervision'. 3
 9. Briefly explain any three objectives of marketing management. 3
 10. State with reasons your choice of a media of advertising for selling of soft drinks. 3
 11. Explain in brief the objectives of management. 4
 12. What is meant by 'stock exchange' ? Briefly explain any three of its functions. 4
 13. What is meant by 'Primary Market' ? Briefly explain the concept of 'Rights issue for existing companies'. 4
 14. Distinguish between 'formal' and 'informal' organisation (any four points). 4
 15. Distinguish between 'external' and 'internal' sources of recruitment (any four points). 4
 16. Briefly explain the techniques of Taylor's Scientific Management. 5
 17. What is meant by 'Privatisation' ? In what ways have the Indian business houses/managements responded to this change ? 5
 18. What is meant by 'controlling' ? Briefly explain any three steps in the process of controlling. 5
 19. What is meant by 'financial management' ? Explain any three decisions involved in financial management. 5
 20. Explain the meaning of Fixed Capital. Briefly explain any four factors that determine the fixed capital of a company. 5
 21. Does planning have limitations ? Explain any five such limitations. 6
- OR**
- Explain why planning is necessary for effective management.
22. Define the term 'decentralisation'. Outline any four points of its importance for organisations. 6

OR

What is meant by 'delegation of authority' ? Explain any three elements of delegation of authority.

- 23.** What is the meaning of 'training' ? Explain any four needs of training. 6

OR

Briefly explain the different methods of training.

- 24.** Explain any six functions of marketing. 6

OR

“Advertising misleads customers and increases the cost of products.”Do you agree with this statement ? Give reasons in support of your answer.

- 25.** Explain any three ways or means of consumer protection available in India. 6

OR

Briefly explain any three rights of a consumer available under the Consumer Protection Act, 1986.

Marking Scheme — Business Studies

General Instructions :

1. The Marking Scheme provides general guidelines to reduce subjectivity in the marking. The answers given in the Marking Scheme are suggested answers. The content is thus indicative. If a student has given any other answer, which is different from the one given in the Marking Scheme, but conveys the requisite meaning, such answers should be given full weightage. **Credit and weightage should be given for content rather than structure and format.**
2. Evaluation is to be done as per instructions provided in the Marking Scheme.
3. If a question has parts, please award marks in the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and written in the left hand margin.
4. If a question does not have any parts, marks be awarded in the left-hand margin.
5. If a candidate has attempted a question twice, marks obtained in the question attempted first should be retained and the other answer should be scored out.
6. There are few questions on distinction between two concepts. In such questions, sometimes some students give one aspect of the difference correctly and the other is either wrong or not given at all, no mark should be given for such distinction.
7. In case of choice-type questions, if an examinee attempts both the choices, assess the choice attempted first.
8. In a question, if the question asks for two features/ characteristics/ points 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.
9. It is expected that the Marking Scheme should be followed objectively to avoid over-strict tendency in marking. For instance, if an examinee scores 30 marks, his/ her marks should not be inflated to 33 simply to pass him/her.
10. Marks should be awarded keeping in view the total marks of that 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 ear-marked for this answer. This must be avoided.
11. A full scale of marks 0-100 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes answer up to the mark, his/her marks should not be deducted unnecessarily.

QUESTION PAPER CODE 66/1/1

EXPECTED ANSWERS/VALUE POINTS

1. Supervision means overseeing the employees at work. It implies instructing, observing, monitoring and guiding the subordinates at work place. **2 marks**

2. Marketing management involves planning, organizing, directing and controlling the marketing activities aimed at the satisfaction of customer needs and wants. **2 marks**

OR

any other correct meaning

3. Personal selling means face to face interaction between the seller and the buyer for the purpose of making a sale. **2 marks**

OR

Personal selling involves informing, assisting and persuading the prospects to buy a product by demonstrating its desirability

4. The role of social environment is to highlight the customs and traditions of the society in which the business exists. This environment includes standard of living, education levels and beliefs of the people in the society. **2 marks**

5. The principle being overlooked is Stability of tenure.
Frequent changes of personnel may not be good for the organization .
(1 mark for naming the principle and 1 mark for explanation) **1+1=2 marks**

6. As an activity management plans, organizes, directs and controls the efforts of all those involved in the working operations of an enterprise. **3 marks**

OR

As an activity management is the integration of human and other resources so that organizational goals are achieved effectively.

(If any examinee has mentioned informational, decisional and interpersonal activities as management, full credit is to be given)

7. Factors which influence the effectiveness of a leader are: **(Any three)**

- (i) Intelligence and scholarship
- (ii) Ability to inspire people
- (iii) Empathy.
- (iv) Effective communicative skills
- (v) Listening skills
- (vi) Sense of responsibility and Self confidence
- (vii) Knowledge of work

(viii) Vision and foresight

(ix) Impressive personality

(x) Objectivity

(No mark is to be deducted for not writing the headings)

(1/2 mark for naming + 1/2 mark for correct statements)

1×3 = 3 marks

8. Formal communication:

- Official communication which takes place following the chain of command.
- It can be both: written and oral

Informal communication:

- Communication taking place between individuals & groups which are not officially recognized.
- It is always in the oral form.

1×3 = 3 marks

9. Objectives of Marketing Management: (any three)

(i) Creation of demand

(ii) Market share

(iii) Goodwill

(iv) Profitable sales volume through customer satisfaction

(1/2 mark for naming + 1/2 mark for correct explanation)

1×3 = 3 marks

10. Any of the television/ magazines/ newspapers/ radio/outdoor:

The reasons for choice of media of advertising may be on the following lines:

(any two)

(a) Reach

(b) Frequency.

(c) Selectivity

(d) Flexibility.

(e) Cost

(f) Editorial environment

(g) Life of the advertisement.

or any other correct point.

(1 mark for naming the media + 1 mark for every correct reason) **1 + (1×2) = 3 marks**

11. Administration is a part of management (with explanation)

Or

Administration comes first and management follows it (with explanation)

Or

Any four of the differences given below:

| Basis of difference | Administration | Management |
|-------------------------------------|--|--|
| Meaning/ type of work | It is concerned with the formulation of plans, policies and objectives of an organisation | It is concerned with the implementation of these plans and policies. |
| Nature of function | It is a thinking (decision making) function | It is a doing function. |
| Level of management | It is a top level function | It is more relevant at middle and lower levels. |
| Usage | Administration term is widely used in non business org. e.g. government department, public enterprises, military organisation etc. | This term is used mainly in business org. like general manager, sales manager, production manager etc. |
| Type of authority | Administration has strategic authority to take strategic and policy decisions. | Management has operational authority to execute administrative decisions. |
| Decision making | It decides what is to be done and when is it to be done. | It decides who should do it and how he has to do it. |
| Factors influencing decision making | Administrative decisions are influenced by economic environment, social environment, government policy etc. | Managerial decisions are influenced by organizational values, policies and beliefs of managers. |
| Stage of performance | Administration comes first as plans and policies are framed first. | Management follows administration as execution of plans and policies comes later. |
| Designation | Directors, Chairman, CEO etc | GM, Sales Manager, Purchase Manager |

1 mark for meaning of management + 1 mark for meaning of administration + 2 marks for relevant differences in any form.

[It may be combined in a paragraph with the meaning]

1 marks for each difference

1 × 4 = Marks

1×4 = 4 marks

12. **Money market** is the market for short term funds meant for use for a period of up to 1 year.

Call money refers to the day to day surplus funds which are traded by the banks because of reserve requirements or unforeseen demand for funds. The maturity period is very short and may sometimes be a single day.

(2 marks for each explanation)

2 + 2=4 marks

13. Delegation of authority means entrusting responsibility and authority and creating accountability of the person to whom the responsibility has been given.

(Any other correct definition.)

Difference between delegation and decentralisation (any three points):

| Basis | Delegation | Decentralization |
|-------------------|---|--|
| Scope | It is confined to a manager and his immediate subordinates in a work unit. | It involves systematic delegation of authority at all levels and in all functions of the organization. |
| Significance | It is required as a routine act of managing. | Vital decision –.to prepare the organization for handling major expansion. |
| Freedom of action | When a manager delegates authority to his subordinates, he continues to supervise their activities on a regular basis- exercises control over behavior and performance of subordinates. | In a decentralized organization, managers of work units have greater freedom of action. Not kept under close supervision by their superiors. |
| Nature/ Essential | Delegation is an essential aspect of organizing. An organization cannot function without delegation. | Decentralization need not be an essential feature of managing and organizing. It is a matter of choice and preference of the top management. |

(1 mark for definition + 1 mark for each difference)

1 + (1×3) = 4 marks

14. Difference between training and development: **(any four)**

| Basis | Training | Development |
|---------|--|---|
| Meaning | It is concerned with teaching of technical skills. | It is concerned with imparting technical human and conceptual skills. That will enable people to carry out non technical organizational functions more effectively e.g. problem solving, decision making etc. |

| Basis | Training | Development |
|--------------------|---|---|
| Level of personnel | Suitable in case of non-managerial personnel | Suitable in case of managerial personnel. |
| Depth of knowledge | Seeks to develop skills already possessed by workers. | Seeks to develop hidden qualities and talents of persons. |
| Methods used | Makes use of on the job training methods– apprenticeship, job rotation etc. | Makes use of off the job training methods–lectures, brain storming, etc. |
| Purpose | Seeks to make workers proficient in their existing jobs. | Seeks to prepare employees for handling more responsible and challenging jobs |

[No marks should be deducted for not writing the basis]

(1 mark for each difference)

1×4 =4 marks

(With any one example)

- 15. Primary market** is the market where the new securities are sold by the company to the investor directly or through an intermediary.

Initial Public Offer is the first time sale of securities by a company. The initial public offer can be made through any of the following methods:

- (a) Public issue through prospectus :

Under this method the company wanting to raise capital issues a prospectus to inform and attract the general public.

- (b) Offer for sale :

Under this method the new securities are offered to the general public not directly by the company but by an intermediary who buys over the entire lot of the securities from the company at a fixed price and resells to the public at a higher price.

- (c) Private placement :

In this process the entire lot of new securities is purchased by an intermediary at a fixed price and sold not to the public, but to selected clients at a higher price.

(1 mark for meaning + 1 mark each for 3 methods of Initial Public Offer)

1 + (1×3) = 4 marks

- 16. Work Study** involves a detailed study of each and every aspect of the job and includes time study, motion study, fatigue study and method study

Or

Work study is concerned with methods of performing a particular work/ job.

Role of Time Study is to :

- § determine the standard time taken to perform a standard task/ job in the organisation.
- § determine the number of workers to be employed
- § To frame suitable incentive schemes
- § determine labour costs

Role of Motion Study is to :

- § explain the movements of operators (employees) and machines to perform a job.
- § eliminate unnecessary movements.
- § to design suitable equipment and tools
- § educate workers on their use

1 mark for meaning of work study + (1/2 x 4)=2 marks for each of the studies

1 + 2 + 2= 5 marks

17. Liberalisation means removing unproductive and unnecessary controls on economic activities.

(Or any other correct meaning).

Indian business houses/ managements have responded to these changes in the following manner:

(any four)

1. Acquisitions and mergers.
2. Diversification spree
3. Consolidation of multinationals
4. Brand building
5. Distribution and selling
6. Capital structures
7. Customer focus
8. Production capacity
9. Technology
10. Compensation levels
11. Labour

1 mark for meaning +(1/2 mark for naming the response + 1/2 mark for correct explanation)

1 + (1× 4) = 5 marks

18. Controlling is comparing the actual performance with the laid down standards, finding out the deviations and taking corrective action if any to achieve organizational objectives.

Importance of controlling: (**any three**)

- (i) It helps the organization to achieve its objectives.
- (ii) It helps in improving adaptability to environmental changes.
- (iii) It helps in coping with organizational complexity.
- (iv) It helps in maintaining and improving quality.
- (v) It helps in financial matters.
- (vi) It helps in improving employee's performance.
- (vii) It helps in monitoring sales.
- (viii) It helps in minimizing errors

2 marks for meaning + (1/2 mark for naming + 1/2 mark for correct explanation of each point)

2+ (1×3) = 5 marks

19. Financial management is concerned with efficient acquisition, allocation, and utilisation of funds.

OR

Financial Management is concerned with management of flow of funds and involves decisions relating to procurement of funds, investment of funds in long term and short term assets and distribution of earnings to owners.

OR

Financial management is concerned with planning, organising, directing and controlling the financial activities of an organisation.

The **objective** of financial management :

- (1) Wealth maximization.
- (2) Maximization of the price of equity shares of the company.
- (3) Profit maximization
- (4) Availability of the sufficient funds at a reasonable cost .
- (5) Effective utilization of funds
- (6) Minimization of risk.

(OR any other correct objective).

(2 marks for meaning + 3 marks for correct explanation of the objective) **2+3 = 5 marks**

20. The capital structure means the proportion of debt and equity used for financing the operations of a business.

OR

Capital Structure means an appropriate mix of long term sources of funds such as equity and preference share capital and reserves and surpluses and debentures and long term debt.

Factors determining capital structure: (**any three**)

- (i) Financial leverage
- (ii) Cash flow ability
- (iii) Control
- (iv) Flexibility
- (v) Market conditions
- (vi) Floatation costs
- (vii) Legal framework

2 mark for the meaning + (1/2 mark for naming + 1/2 mark for explanation of each factor)

2 + (1×3) = 5 marks.

21. Steps involved in the process of organisation are:

- (i) Division of work.
- (ii) Grouping jobs and departmentation.
- (iii) Establishing authority relationships.

(1/2 mark for naming + 1 1/2 mark for correct explanation of each)

2×3 = 6 marks

OR

Considerations that need to be kept in mind while designing the organisational structure of a company:

- (i) Job design.
- (ii) Departmentation.
- (iii) Span of control
- (iv) Delegation of authority.

(1/2 mark for naming + 1 mark for correct explanation of each)

1 1/2 × 4 = 6 marks

22. Features of planning: (**any six**)

- (i) Contributes to objectives
- (ii) Primacy of planning
- (iii) Forward looking
- (iv) Pervasiveness
- (v) Efficiency of operations
- (vi) Involves choice
- (vii) Continuous process
- (viii) Intellectual process

(1/2 mark for naming + 1/2 mark for correct explanation of each)

1 x 6 = 6 marks

OR

Planning is necessary because of future uncertainty and change. One cannot be certain about future events. However, by forcing managers to look ahead, anticipate change, consider the impact of change, and develop appropriate responses, planning reduces uncertainty. Longer the period of planning greater is the possibility of such uncertainties.

6 marks

- 23.** Recruitment means searching for prospective employees and stimulating them to apply for jobs in the organization.

(OR any other suitable meaning)

External sources of recruitment of employees are: **(any five)**

1. Waiting list
2. Recommendations of the present employees
3. Factory gate
4. Notices exhibited in workshop/ office/ factory gate
5. Personnel/ Management consultants
6. Colleges, universities, technical institutes and schools.
7. Jobbers and contractors
8. Employment exchanges
9. Media advertising.

1 mark for the meaning + (1/2 mark for naming + 1/2 mark for correct explanation of each source)

1+(5×1) = 6 marks

OR

Selection means discovering the most suitable and promising candidates to fill up vacant positions.

OR

Selection means screening the candidates who offer themselves for appointment so as to choose the most appropriate one for the job.

Steps involved in the process of selection of employees: **(any five)**

1. Scrutiny of applications
2. Preliminary interview
3. Specialized application form
4. Testing
5. Interview
6. Checking references.
7. Medical examination
8. Final selection

1 mark for the meaning + (1/2 mark for naming + 1/2 mark for correct explanation of each source)

1+(5×1) = 6 marks

24. Factors that determine the choice of channels of distribution: **(any six)**

- (i) Market related factors:
 - (a) The nature of the market
 - (b) Size of the market
 - (c) Geographic concentration
 - (d) Quantity purchased
- (ii) Product related factors
 - (a) Unit value of the product
 - (b) Product complexity.
 - (c) The nature of product
 - (d) Perishable/ non-perishable product
- (iii) Company related factors:
 - (a) Finance
 - (b) Degree of control

[No marks should be deducted if the headings–market related, product related or company related are not given]

(½ mark for naming + ½ mark for correct explanation)

1 x 6 = 6 marks

(i) Advertising misleads customers:

Yes I agree as-

- § Advertising does not distinguish between superior and inferior products and with the help of advertising almost anything can be sold in the market.
- § Some manufacturers produce duplicates of certain products and through advertising they manage to persuade consumers to buy such dubious products.

or

No, I do not agree as

- § Whether a product is inferior or superior depends upon the economic status and preference of the buyer.
- § Everyone cannot afford to buy high quality and superior products.

(1 mark for agreeing/ disagreeing with the statement + 2 marks for reasons)

(ii) Advertising increases the cost of the products.

Yes I agree as- Advertisement expenses are added to the cost and the consumer ultimately has to pay a higher price for the product or service.

or

No, I do not agree as – advertising increases demand which leads to an increase in sale. This leads to an increase in production. Companies, thus get advantages of economies of scale which reduce costs and therefore, lower prices. Thus the increase in costs due to advertisement gets compensated.

Note—If an examinee partially agrees and partially disagrees with the given statement with appropriate reasons, full credit is to be given.

3 marks for agreeing/ disagreeing (along with the explanation) with each part

3 + 3 =6 marks

25. Ways and means of consumer protection available in India are: **(any three)**

- (i) Lok Adalats.
- (ii) Public Interest Litigation.
- (iii) Environmentally friendly products.
- (iv) Redressal Forums and Consumer Protection Councils.
- (v) National Youth Award for Consumer Protection.
- (vi) Publicity measures.
- (vii) Consumer Welfare Fund.

(½ mark for naming +1 ½ mark for correct explanation of each point) **2 x 3=6 marks**

OR

Responsibilities of the consumer to safeguard his interest : **(Any three)**

- (i) Consumer must exercise his rights.
- (ii) Cautious consumer.
- (iii) Filing complaints for the redressal of genuine grievances.
- (iv) Consumer must be quality conscious.
- (v) Advertisements often exaggerate.
- (vi) Insist on cash memo.

(½ mark for naming +1½ mark for correct explanation of each responsibility)

2 x 3=6 marks

QUESTION PAPER CODE 66/1

EXPECTED ANSWERS/VALUE POINTS

1. Motivation means inspiring people to work to achieve pre-determined objectives.

OR

It involves arousing needs and desires in people to initiate and direct their behaviour in a purposive manner to achieve organizational goals.

2 marks.

2. Sales promotion means short term use of incentives or other promotional activities that seek to stimulate interest, trial or purchase.

2 marks.

3. The total number of products and items that a particular marketer offers to the market is called product mix.

OR

It is a combination of all decisions relating to product branding, packaging, labelling, trademarks etc.

OR

Product mix refers to decisions relating to product line, product length, product depth and product consistency.

(Or any other correct explanation)

2 mark

4. The role of Legal environment is to prescribe rules or laws that all members of the business community must follow. It consists of legislations that have been passed by the parliament and state legislatures.

(or any other explanation on the above lines)

2 marks

5. The principle being overlooked is **Division of Work**. According to the principle of division of work, the entire work should be divided into small tasks and allocated among the employees according to their capabilities.

OR

The principle being overlooked is **Equity** According to the principle of equity, the entire work should be divided into small tasks and allocated among the employees proportionately to give them fair treatment.

(1 mark for naming the principle + 1 mark for explanation)

1 + 1 = 2 marks

6. Management as a discipline refers to a body of knowledge the study of which can be organised and taught. The basic requirements of it being a discipline are:

1. Gaining acceptability.
2. Capable of discovering completely verified knowledge.
3. Able to organise and pass on the knowledge.
4. Successful application of the knowledge.

(the above requirements may be combined in a paragraph)

(1 mark for the meaning + 1/2 mark for each requirement)

1 + (1/2 × 4) = 3 marks

7. Barriers to effective communication are: **(any three)**

1. Selective reception.
2. Poor listening skills.
3. Credibility of source.
4. Predisposition.

5. Status differences.
6. Screening or filtering.
7. Semantic problems.
8. Complex organisational structures.

(1/2 mark for naming + 1/2 mark for explanation)

(1 x 3) = 3 marks

- 8.** (1) Direction is concerned with instructing, guiding and inspiring people in the organisation to achieve its objectives.

Supervision means overseeing the employees at work. It implies instructing, observing, monitoring and guiding the subordinates at work place.

- (2) The scope of direction is wider as it includes supervision.

The scope of supervision is narrower as it is one of the elements of direction.

(if the student has written the answer in tabular form, full marks to be awarded for two differences)

1 1/2 x 2 = 3 marks.

- 9.** Objectives of marketing management: **(any three)**

- (i) Creation of demand
- (ii) Market share
- (iii) Goodwill
- (iv) Profitable sales volume through customer satisfaction

(1/2 mark for naming + 1/2 mark for correct explanation of each objective)

1 x 3 = 3 marks.

- 10.** Any one - **Television/ newspaper/ magazines/ outdoor/ radio.**

The reasons for choice of media of advertising may be on the following lines:

(any two)

- (a) Reach
- (b) Frequency.
- (c) Selectivity
- (d) Flexibility.
- (e) Cost
- (f) Editorial environment
- (g) Life of the advertisement.

(or any other correct point)

(1 mark for naming the media + 1 mark for every correct reason)

1 + (1 x 2) = 3 marks

11. Objectives of management (**any two**)

1. Organisational objectives.
2. Individual objectives.
3. Social objectives.

(if a student has explained any four objectives without classifying in the above categories, full credit to be given)

(½ mark for naming + 1 ½ mark for explanation)

2×2 = 4 marks

12. Stock Exchange is a market in which the existing securities are bought and sold.

Functions of Stock Exchange (**Any three**)

- (i) Liquidity–To provide liquidity to investments.
- (ii) Valuation of securities–To help in correct valuation of securities.
- (iii) Better allocation of capital–Contribute to better allocation of capital.
- (iv) Promotes the habit of saving and investment–Promotes the habit of saving and investment in general public.
- (v) Safety of dealing–Provide safety for dealings in securities.
- (vi) Barometer of progress–It acts as barometer of progress of economy.

(No mark is to be deducted for not writing the headings)

(1 mark for meaning + ½ mark for heading + ½ mark for explanation of each function)

1+ (1 x3) =4 marks

13. Primary market is the market where the securities are sold by the company to the investor directly or through an intermediary.

Rights issue is the offer of new shares by a company to the existing shareholders at a price which is lesser than the market price. It is a pre-emptive right given to existing shareholders to subscribe to the new shares in the proportion of shares already held by him.

2 + 2 = 4 marks

14. Difference between formal and informal organization

| Basis | Formal organisation | Informal organisation |
|--------------|---|---|
| Formation | Deliberately planned and created by management. | Emerges spontaneously as a result of social interaction among people. |
| Purpose | To achieve planned organisational goals | To satisfy social & cultural needs & fulfill common interests. |

| Basis | Formal organisation | Informal organisation |
|----------------------|--|---|
| Behaviour of members | Prescribed and enforced by Management. | Evolved by mutual consent among members called group norms. |
| Structure | Has a well defined structure of tasks and relationships | Does not have a clear cut structure but a complex network of relations. |
| Communication | Official lines of communication | Communication based on convenience. |
| Leadership | Managers are leaders by virtue of their superior position. | Leaders are chosen. |
| Stability | Stable and predictable | Neither stable nor predictable. |
| Adherence to rules | Violation of rules may lead to penalties. | No such punishment- at the most social disapproval. |
| Interdependence | Exists independently of formal organisation. | Exists within the framework of formal organisation |

1×4 = 4 marks

- 15.**
1. External sources of recruitment refers to recruitment from sources outside the organisation.
Internal sources of recruitment refers to recruitment from within the organisation.
 2. External sources of recruitment are waiting list, recommendations of the present employees, notices exhibited in the workshop/ office/ factory gate, jobbers and contractors, factory gate etc.
Internal sources of recruitment include transfers, promotions and lay off.
 3. External sources – time consuming.
Internal sources – less time consuming.
 4. External sources – costly.
Internal sources – less costly.
 5. External sources –wider choice.
Internal sources – may offer restricted choice.

(or any other correct difference)

1× 4 = 4 marks

- 16.** Techniques of Scientific Management (Any five):
- (i) Standardization of work
 - (ii) Simplification of work
 - (iii) Fatigue study

- (iv) Motion study
- (v) Method study
- (vi) Time study
- (vii) Functional foremanship
- (viii) Differential wage system
- (ix) Mental revolution

(1/2 mark for naming + 1/2 mark each for correct explanation)

1 x 5=5 marks

17. Privatisation refers to encouraging private investment.

(or any other correct meaning leading towards privatisation)

The managers of these companies responded to these changes in the following manner: **(any four)**

1. Acquisitions and mergers.
2. Diversification spree
3. Consolidation of multinationals
4. Brand building
5. Distribution and selling
6. Capital structures
7. Customer focus
8. Production capacity
9. Technology
10. Compensation levels
11. Labour

(1 mark for meaning + 1/2 mark for naming the response + 1/2 mark for correct explanation)

1 + (1×4) = 5 marks

18. Controlling is comparing the actual performance with the laid down standards, finding out the deviations, and taking corrective action if any to achieve organisational objectives.

Steps in the process of controlling are- **(any three)**

- (i) Establishing standards
- (ii) Measuring performance
- (iii) Comparing the actual performance with laid down standards
- (iv) Taking corrective action.

(No mark is to be deducted for not writing the heading)

(2 mark for meaning + 1/2 mark for naming each step + 1/2 mark for explanation)

2+ (1×3)= 5 marks.

19. Financial management is concerned with efficient acquisition, allocation, and utilisation of funds.

or

Financial Management is concerned with management of flow of funds and involves decisions relating to procurement of funds, investment of funds in long term and short term assets and distribution of earnings to owners.

or

Financial Management is concerned with planning, organising, directing and controlling the financial activities of an organisation.

Three decisions involved in financial management are: **(any three)**

1. Investment decision
2. Financing decision
3. Dividend decision
4. Operating decision

(2 mark for meaning + 1/2 mark for naming each decision + 1/2 mark for explanation)

2+ (1×3)= 5 marks.

20. Fixed Capital refers to investment in long term assets.

Factors that determine the fixed capital of a company are: **(any four)**

1. Size of the business
2. Nature of the business
3. Degree of automation
4. Mode of acquiring fixed assets
5. Type of manufacturing process

(or any other correct factor)

(1 mark for meaning + 1/2 mark for naming + 1/2 mark for explanation)

1+ (1×4) = 5 marks

21. Yes, planning has limitations.

Limitations of planning are: **(any five)**

1. Lack of accuracy
2. Costs
3. Adverse effect on initiative
4. Delay in actions
5. Psychological barriers
6. Limited flexibility
7. Human element
8. Limited practical value

(1/2 mark for naming + 1/2 mark for explaining)

1+ (1×5) = 6 marks

OR

Planning is necessary for effective management because of the following reasons: (**Any six**)

- (i) Focuses attention on objectives
- (ii) Brings efficiency and economy in operations
- (iii) Gives direction to managers and non-managers
- (iv) Facilitates control
- (v) Encourages innovation and creativity
- (vi) Reduces uncertainty

(1/2 mark for each heading + 1/2 mark for each explanation)

1×6 = 6 marks

- 22.** Decentralisation is the systematic delegation of authority at all levels and in all departments of a firm.

Importance of decentralisation

- (i) Reduction in work load of top executives
- (ii) Improving motivation
- (iii) Improved team work
- (iv) Executive development
- (v) Quick decision making
- (vi) Promotes initiative and creativity

(2 marks for meaning + 1/2 mark for naming each point + 1/2 mark for explanation)

2 + (1×4) = 6 marks

OR

Delegation of authority means entrusting responsibility and authority and creating accountability of the person to whom the responsibility has been given.

The three elements of delegation are:

- (i) **Responsibility:** Responsibility means the work assigned to an individual.
- (ii) **Authority:** Authority means the powers to use financial, material and human resources as well as the right to decide, act or not to act.
- (iii) **Accountability:** It is the obligation of an individual to give an account of completion or non-completion of the work to his superior.

(1 1/2 marks for meaning + 1/2 mark for naming each element + 1 mark for explanation)

1 1/2 + (1 1/2 × 3) = 6 marks

23. Training is concerned with increasing the knowledge and skills of an employee for doing a particular job.

Need for training: (any four)

1. Benefits to employees
2. Improved performance
3. Managing manpower needs
4. Attitude formation
5. Aids in solving operational problems
6. Reduced learning time

(2 marks for meaning + 1/2 mark for naming each point + 1/2 mark for explanation)

2 + (1×4) = 6 marks

OR

Vestibule Training – Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor.

Job Rotation – The trainees move from one job to another to understand different activities and with time develops into a multi utility employee. Used for freshers to learn by doing.

Internship – It enables a good balance between theory and practice. It's a practical training for understanding the application of theoretical knowledge. Usually stipend is paid to the students. A joint programme of training is conducted by technical institutes and business organization.

Apprenticeship training – The trainees work under the guidance of a master worker. During the training period, he is paid less than a qualified worker.

(or any other correct method)

(1/2 mark for naming + 1 mark for each explanation)

(1½× 4) = 6 marks

24. Functions of marketing: **(any six)**

1. Marketing research
2. Product planning
3. Buying and Assembling
4. Packaging:
5. Storage & warehousing
6. Transportation
7. Promotion and selling

(1/2 mark for naming each function + 1/2 mark for each explanation)

1×6 = 6 marks

OR

(i) Advertising misleads customers:

Yes I agree as-

- § Advertising does not distinguish between superior and inferior products and with the help of advertising almost anything can be sold in the market.
- § Some manufacturers produce duplicates of certain products and through advertising they manage to persuade consumers to buy such dubious products.

or

No, I do not agree as

- § Whether a product is inferior or superior depends upon the economic status and preference of the buyer.
- § Everyone cannot afford to buy high quality and superior products.

(1 mark for agreeing/disagreeing +2 marks for reasons there of)

(ii) Advertising increases the cost of the products.

Yes I agree as- Advertisements expenses are added to the cost and the consumer ultimately has to pay a higher price for the product or service.

or

No, I do not agree as – advertising increases demand which leads to an increase in sale. This leads to an increase in production. Companies, thus get advantages of economies of scale which reduce costs and therefore, lower prices. Thus the increase in costs due to advertisement gets compensated.

Note:- If an examinee partially agrees and partially disagrees with the given statement with appropriate reasons full credit is to be given.

(3 marks for agreeing/ disagreeing (along with the explanation) with each part)

3 + 3 = 6 marks

25. Ways and means of consumer protection (Any three)

1. Lok Adalats- Aggrieved parties can directly approach these adalats/ courts with their grievances where issues are discussed on the spot and decisions are taken thereafter.
2. Public Interest Litigation- Under the PIL concept, any person can move to the court in the interest of a weaker individual or a group, who or which may not be in a position to seek legal remedy on his/ her own
3. Environmental friendly products- The Ministry of Environment and Forests has introduced the “Eco-Mark” scheme which assists the consumers to be more conscious of the environment and its preservation.

4. Redressal Forums and Consumer Protection Councils- Under the Consumer Protection Act, 1986, a 3 tier judicial machinery has been set up to deal with consumer grievances and disputes in a simple, speedy and inexpensive manner through District Forums, State Commissions and National Commission.

In addition, Consumer Protection Councils have been set up by the Central and the State Governments.

5. National Youth Award on Consumer Protection- To encourage the participation of consumer especially the youth, the Union Ministry has instituted three National Awards: National Award on Consumer Protection, -National Youth Award on Consumer Protection and National Women Award on Consumer Protection.

6. Publicity Measures –

§ 15th March is celebrated as World Consumer Rights Day all over the world.

§ Regular programmes by Doordarshan/ radio.

§ Bringing quarterly journals and brochures.

§ Outdoor publicity –hoardings, banners etc.

7. Consumer Welfare Fund - The amount of excess excise/custom duties which are not refundable to manufacturers or importers is required to be credited to the Consumer Welfare Fund and used for promoting the welfare of consumers

(1/2 mark for each correct point + 1 1/2 marks for each explanation) **2×3 =6 marks**

OR

Rights of a consumer available under the Consumer Protection Act 1986:
(any three)

- (i) Safety: The right to safety means the right to be protected against products, production processes and services, which are hazardous to health or life.
- (ii) Information: Consumers should have the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, so as to make the right decision and protect themselves against abusive practices.
- (iii) Choice: The right to choice can be defined as an assurance, whenever possible, of availability, ability and access to a variety of products and services at competitive prices.

- (iv) Representation: This right includes the right to representation (to be heard) in the government and in other policy making bodies as well as the right to be heard in the development of product and services before they are produced or set up.
- (v) Redressal: This right includes the right to receive compensation for supply of shoddy goods or unsatisfactory services and availability of acceptable forms of legal aid or redress for small claims wherever necessary.
- (vi) Consumer education: The right to consumer education means the right to acquire the knowledge and skills to be an informed consumer.

(1/2 mark for each correct point + 1 1/2 mark each for explanation)

2×3=6 marks