

			MARKING SCHEME – 2013-14 BUSINESS STUDIES OUTSIDE DELHI COMPTT– 66/1 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1	66/2	66/3		
1	12	7	Q. Name the level of management that is responsible for the welfare and survival of the organisation. Ans. Top level.	1 mark
2	11	8	Q. Why is it said that business environment is uncertain? Ans. It is said that business environment is uncertain because it is difficult to predict future happenings especially when environment changes are taking place too frequently.	1 mark
3	10	9	Q. ‘Deciding in advance what to do and how to do is one of the basic management functions.’ Give the meaning of this function. Ans. <u>Planning</u> is the function being referred to. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available. (or any other correct meaning)	1 mark
4	9	10	Q. Name the type of plan which is in the form of general statements, that guides thinking towards a particular direction and helps in solving routine problems. Ans. Policy	1 mark
5	8	11	Q. Distinguish between functional structure and divisional structure on the basis of ‘formation’. Ans. Functional structure is formed on the basis of functions while divisional structure is formed on the basis of product lines supported by functions.	1 mark
6	7	12	Q. What is meant by ‘formal organisation’? Ans. Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task. (or any other correct definition)	1 mark
7	6	1	Q. How does staffing improve job satisfaction and morale of employees? State. Ans. Staffing improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.	1 mark
8	5	2	Q. How does directing initiate action? State. Ans. Other functions prepare a setting for action, directing implements it in the organisation.	1 mark
9	4	3	Q. Give any two examples of ‘Employee Recognition’ as a non financial incentive. Ans. Examples of ‘Employee Recognition’ as a non financial incentive are:	$\frac{1}{2} \times 2$ =1 mark

			<p>(i) Congratulating the employee for good performance. (ii) Installing award or certificate for best performance. (iii) Displaying on the notice board or in the newsletter about the achievement of the employee. (iv) Distributing mementos or complimentaries in recognition of employee's services. (v) Rewarding an employee for valuable suggestions. (or any other correct example) (or any other correct example)</p>	
10	3	4	<p>Q. What is meant by 'Management by Exception' in the process of controlling? Ans. Management by Exception in the process of controlling means that only significant deviations which go beyond the permissible limit should be brought to the notice of the management.</p> <p style="text-align: center;">OR</p> <p>Management by Exception in the process of controlling means that an attempt to control everything results in controlling nothing.</p>	1 mark
11	2	5	<p>Q. On which type of products is ISI mark used? Ans. Electrical goods.</p>	1 mark
12	1	6	<p>Q. 'The consumer has the right to acquire knowledge and to be a well informed consumer throughout life.' State what type of knowledge is required by the consumer in the above stated 'Right'. Ans. In the above stated right, i.e. Right to Consumer Education, a consumer should know about the rights and reliefs available to him in case a product or service falls short of his expectations.</p>	1 mark
13	18	16	<p>Q. Pawan is working as a 'production manager' in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees. (a) State the principle of management described in the above para. (b) Identify any two values which the company wants to communicate to the society. Ans. (a) <u>Harmony not discord</u> which advocates that there should be complete harmony between management and the workers. To achieve this, Taylor called for a complete mental revolution on the part of both management and workers.</p>	<p>$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for the statement = $\frac{1}{2} + \frac{1}{2}$ = 1 mark + 1 mark for each value = 1 x 2 = 2marks = 1+2 3marks</p>

			(b) Values which the company wants to communicate to the society are: (i) Sensitivity towards the environment. (ii) Good behaviour in human interaction. (or any other correct value)	
14	17	17	Q. Telco Ltd. is manufacturing files and folders from old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager. (a) State the principle of management described in the above para. (b) Identify any two values that the company wants to communicate to the society. Ans. (a) Initiative. It means eagerness to initiate action without being asked to do so. (b) Values which the company wants to communicate to the society are: (i) Sensitivity towards the environment. (ii) Creation of job opportunities. (iii) Development of backward regions. (or any other correct value)	$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for the statement = $\frac{1}{2} + \frac{1}{2}$ = 1 mark + 1 mark for each value = 1 x 2 = 2 marks = 1+2 3 marks
15	16	14	Q. 'Wealth maximization' is the primary objective of financial management. Explain. Ans. Wealth maximisation is the primary objective of financial management which means maximising the market value of investment in the shares of the company. It is possible only by: (i) Ensuring availability of sufficient funds at reasonable cost. (ii) Ensuring effective utilization of funds. (iii) Ensuring safety of funds by creating reserves, re-investment of profits etc.	3 marks
16	15	18	Q. Give the meaning of 'Investment decision' and 'Dividend decision'. Ans. Investment decision involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors. Dividend decision involves deciding about how much of profit earned by the company is to be distributed to the shareholders and how much of it should be retained in the business.	$1\frac{1}{2} + 1\frac{1}{2}$ = 3 marks
17	14	13	Q. Give the meaning of the following money market	

			instruments: (i) Treasury bill; and (ii) Call money. Ans. (i) Treasury bill It is an instrument issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default. (b) Call Money It is the method by which banks borrow from each other to be able to maintain the cash reserve ratio. It is repayable on demand, with a maturity period of one day to fifteen days.	$1\frac{1}{2} + 1\frac{1}{2}$ $=$ 3 marks
18	13	15	Q. ‘You don’t close a sale, you open a relationship, if you want to build a long term successful enterprise.’ Identify the communication tool used by the marketer. State any two features of this communication tool. Ans. Personal selling. Features of personal selling are: (i) It involves a <u>direct face to face dialogue</u> . (ii) It allows salespersons to develop <u>personal relationships</u> with prospective customers.	1 mark for identification $+$ 1 mark for each statement $=1 \times 2$ 2 marks $=1+2$ 3marks
19	-	-	Q. Explain any four characteristics of co-ordination. Ans. Characteristics of co-ordination are: (Any four) (i) Integrates group efforts. (ii) Ensures unity of action. (iii) Continuous process. (iv) Pervasive function. (v) Responsibility of all managers. (vi) Deliberate function. (if an examinee has not given the headings as above but have given the correct explanations, full credit should be given)	$\frac{1}{2}$ mark for heading $+$ $\frac{1}{2}$ mark for explanation $= 1 \times 4 =$ 4 marks
20	-	-	Q. ‘The Indian corporate sector has come face to face with several challenges due to government policy changes in business and industry. Explain any four such changes. Ans. Impact of government policy changes on business and industry: (Any four) (i) Increasing competition (ii) More demanding customers (iii) Rapidly changing technological environment (iv) Necessity for change (v) Need for developing human resources. (vi) Market orientation (vii) Loss of budgetary support to the public sector.	$\frac{1}{2}$ mark for the heading $+$ $\frac{1}{2}$ mark for each explanation $= 1 \times 4$ =4marks

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21	-	-	<p>Q. How does planning ‘Lead to rigidity’ and ‘Reduce creativity’? Explain.</p> <p>Ans. <u>Planning leads to rigidity</u> because:</p> <ul style="list-style-type: none"> ▪ Plan is drawn with specific targets within a specific time frame ▪ Once the plans are drawn, the managers may not be able to change them <p><u>Planning reduces creativity</u> because:</p> <ul style="list-style-type: none"> • It is an activity done by the top management; middle management and other decision makers are not allowed to deviate from the plans. • As a result, initiative and creativity inherent in them gets lost or reduced. <p>(If the student has given the answer in a paragraph, covering the above points, full credit is to be given)</p>	<p>2 + 2 =</p> <p>4 marks</p>
22	-	-	<p>Q. What is meant by ‘Consumer Protection’? Also state how consumer protection is important from the point of view of consumers.</p> <p>Ans. Consumer Protection means protection of consumers from unscrupulous, exploitative and unfair trade practices.</p> <p><u>Importance of Consumer protection for consumers is due to:</u></p> <ol style="list-style-type: none"> 1. Consumers being ignorant about their rights and reliefs available to them. 2. Consumers being unorganised. 3. Consumers being widely exploited by unfair trade practices. <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 + 3 =</p> <p>4 marks</p>
23	-	-	<p>Q. State the benefits of training to the organisation.</p> <p>Ans. <u>Benefits of training to the organisation :</u></p> <ol style="list-style-type: none"> (a) It <u>avoids wastage of efforts and money</u> by systematic learning of skills. (b) It enhances employee productivity leading to <u>higher profits</u>. (c) It equips the future <u>manager who can take over in case of an emergency</u>. (d) It <u>reduces absenteeism</u> and employee turnover by increasing employee morale. (e) It helps in obtaining an <u>effective response to a fast changing environment</u>. 	<p>1 x 5 =</p> <p>5 marks</p>

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24	-	-	<p>‘Controlling is an indispensable function of management.’ Explain this statement with the help of any five points.</p> <p>Ans. Controlling is an indispensable function of management as: (Any five)</p> <ol style="list-style-type: none"> 1. It helps in accomplishing organisational goals. 2. It helps in making efficient use of resources. 3. It ensures order and discipline. 4. It improves employee motivation. 5. It helps in judging accuracy of standards. 6. It facilitates co-ordination in action. <p>(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p>½ mark for heading + ½ mark for explanation = 1 x 5 =5marks</p>															
25	-	-	<p>Q. Differentiate between ‘Capital Market’ and ‘Money Market’ on the following basis:</p> <p>(i) Expected Return (ii) Security (iii) Liquidity (iv) Duration; and (v) Instruments</p> <p>Ans. DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Basis</th> <th style="text-align: center;">CAPITAL MARKET</th> <th style="text-align: center;">MONEY MARKET</th> </tr> </thead> <tbody> <tr> <td>(i) Expected return</td> <td>The investment in capital markets generally yields a higher return.</td> <td>The expected rate of return of the money market is less.</td> </tr> <tr> <td>(ii) Security</td> <td>Capital market instruments are riskier both with respect to returns and principal repayment.</td> <td>Money market instruments are generally much safer with a minimum risk of default.</td> </tr> <tr> <td>(iii) Liquidity</td> <td>Capital market securities are comparatively less liquid.</td> <td>Money market securities are comparatively more liquid.</td> </tr> <tr> <td>(iv) Duration</td> <td>The capital market deals in</td> <td>Money market deals in short term</td> </tr> </tbody> </table>	Basis	CAPITAL MARKET	MONEY MARKET	(i) Expected return	The investment in capital markets generally yields a higher return.	The expected rate of return of the money market is less.	(ii) Security	Capital market instruments are riskier both with respect to returns and principal repayment.	Money market instruments are generally much safer with a minimum risk of default.	(iii) Liquidity	Capital market securities are comparatively less liquid.	Money market securities are comparatively more liquid.	(iv) Duration	The capital market deals in	Money market deals in short term	<p>1 x 5 = 5 marks</p>
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26	-	-	<p>Q. There are a number of factors that affect the fixation of price of a product. State any five such factors.</p> <p>Ans. Factors that affect the fixation of price of a product are: (Any five)</p> <p>(i) Product cost determines the minimum level at which the product can be sold.</p> <p>(ii) Utility and demand set the upper limit of the price which the buyer would be prepared to pay.</p> <p>(iii) In lesser competition, the price will tend to reach the upper limit while in free competition; the price will tend to be set at a lower level.</p> <p>(iv) Government can intervene and regulate the price by declaring the product as an essential product.</p> <p>(v) In case the objective of the enterprise is maximizing profits, obtaining market share leadership or surviving in a competitive market, price will be set at a lower level while if the objective is product quality leadership, price will be set higher.</p> <p>(vi) Uniqueness of marketing methods used like distribution system or quality of salesman employed give freedom to the company in setting the price.</p>	<p>1 x 5 = 5marks</p>						
27	29	29	<p>Q. Besides ‘Effective management’ and ‘Employee development’, delegation helps the organisation in different ways. Explain any four such ways.</p> <p>Ans. Besides ‘Effective management’ and ‘Employee development’, delegation helps the organisation in:</p> <p>(i) Motivation of employees.</p> <p>(ii) Facilitation of growth.</p> <p>(iii) Better co-ordination.</p> <p>(iv) Creation of management hierarchy.</p> <p>(if an examinee has not given the headings as above but</p>	<p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>						

			<p>has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">Or</p> <p>Q. ‘Decentralisation is an important philosophy that implies selective dispersal of authority.’ In the light of this statement, explain any four points of importance of decentralization.</p> <p>Ans. Decentralisation is an important philosophy that implies selective dispersal of authority. In the light of this statement, decentralization is important as it: (Any four)</p> <ul style="list-style-type: none"> (i) Develops initiative amongst subordinates. (ii) Develops managerial talent for the future. (iii) Leads to quick decision making. (iv) Gives relief to top management. (v) Facilitates growth. (vi) Facilitates better control. <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1 \frac{1}{2} \times 4$ = 6marks</p>
28	30	30	<p>Q. ‘The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.’ In the light of this statement, explain any four functions of a supervisor.</p> <p>Ans. <u>The functions and performance of the supervisor are vital to an organisation because he:</u> (Any four)</p> <ul style="list-style-type: none"> (i) Maintains day to day contact. (ii) Links the workers and the management. (iii) Helps in maintaining group unity. (iv) Ensures performance of work. (v) Provides on the job training. (vi) Builds high morale amongst the workers. (vii) Gives feedback. <p>(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p> <p style="text-align: center;">OR</p> <p>Q. Describe personal barriers to effective communication.</p> <p>Ans. Personal barriers to effective communication are:</p> <ul style="list-style-type: none"> (i) Fear of challenge to authority. 	<p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1 \frac{1}{2} \times 4$ = 6marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for each heading + 1 mark for each explanation</p>

			<p>(ii) Lack of confidence of superior on his subordinates. (iii) Unwillingness to communicate. (iv) Lack of proper incentives.</p>	<p>= 1 ½ x 4 = 6 marks</p>
29	28	27	<p>Q. Explain how the following factors affect the working capital requirements of a business: (i) Inflation (ii) Business cycle (iii) Level of competition; and (iv) Nature of business Ans. Factors affecting the requirements of working capital: (i) Inflation During inflation, larger working capital is required to maintain a constant volume of production and sales. (ii) Business cycle In case of boom, larger working capital is required as the sales and production are more. (iii) Level of competition Higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital. (iv) Nature of business Trading organisations require lesser working capital than manufacturing organisations as there is no processing involved; service industries require the least working capital as they do not have to maintain inventory.</p> <p style="text-align: center;">OR</p> <p>Q. Explain any four factors affecting the choice of capital structure of a company: Ans. Ans. Following are the factors affecting the choice of capital structure of a company: (any four) 1. Cash flow position 2. Interest coverage ratio 3. Debt service coverage Ratio 4. Return on Investment 5. Cost of debt 6. Tax rate 7. Cost of equity 8. Floatation costs 9. Cost 10. Fixed operating costs 11. Risk consideration 12. Flexibility</p>	<p>1 ½ x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>

			<p>13. Control 14. Regulatory framework 15. Stock market conditions 16. Capital structure of other companies (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	
30	27	28	<p>Q. Describe the role of ‘Public Relations’ in the promotion of products and services. Ans. <u>Role of Public Relations in the promotion of products and services: (Any four)</u> (i) Press Relations. (ii) Product Publicity. (iii) Corporate Communication. (iv) Lobbying. (v) Counselling. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p><u>Role of Public Relations in the promotion of products and services:</u> (i) Smooth functioning of business. (ii) Image building. (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different public groups. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. Explain the four important elements of marketing mix. Ans. The four important elements of marketing mix are: (i) Product mix (ii) Price mix, (iii) Place mix, and (iv) Promotion mix. 1. Product Mix: Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers. It includes branding, labelling, trademark and packaging.</p>	<p>$\frac{1}{2}$ mark for each heading + 1 mark for each explanation = $1\frac{1}{2} \times 4$ = 6marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for each heading + 1 mark for each explanation = $1\frac{1}{2} \times 4$ = 6marks.</p>

		<p>2. Price Mix: Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes.</p> <p>3. Place Mix: <u>Place or Physical Distribution</u> mix includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p>4. Promotion Mix: Promotion mix consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p>	
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			<p>society are:</p> <p>(i) Sensitivity towards the environment. (ii) Creation of job opportunities. (iii) Development of backward regions. (or any other correct value)</p>	
13	18	16	<p>Q. Pawan is working as a ‘production manager’ in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.</p> <p>(a) State the principle of management described in the above para.</p> <p>(b) Identify any two values which the company wants to communicate to the society.</p> <p>Ans. (a) <u>Harmony not discord</u> which advocates that there should be complete harmony between management and the workers. To achieve this, Taylor called for a complete mental revolution on the part of both management and workers.</p> <p>(b) Values which the company wants to communicate to the society are:</p> <p>(i) Sensitivity towards the environment. (ii) Good behaviour in human interaction. (or any other correct value)</p>	<p>$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for the statement = $\frac{1}{2} + \frac{1}{2}$ = 1 mark + 1 mark for each value = 1 x 2 = 2 marks = 1+2 3marks</p>
-	19	-	<p>Q. What is meant by ‘coordination’? Explain why coordination is important in an organization.</p> <p>Ans. <u>Meaning of Coordination</u> Coordination is the process by which activities of different departments are synchronized to ensure unity of action. (or any other correct meaning)</p> <p><u>Importance of Coordination:</u> (i) Growth in size (ii) Functional Differentiation (iii) Specialisation</p> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>1 mark + $\frac{1}{2}$ mark for naming + $\frac{1}{2}$ mark for explanation = 1 x 3 = 1+3 = 4 Marks</p>
-	20	-	<p>Q. Explain any four features of business environment.</p> <p>Ans. <u>Features of business environment(Any four):</u> (i) Sum total of external forces (ii) Includes Specific and General forces</p>	<p>$\frac{1}{2}$ mark for</p>

			(iii) Inter-related forces (iv) Dynamic (v) Uncertain (vi) Complex (vii) Relative (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)	naming + ½ mark for explanation = 1 x 4 =4 Marks
-	21	-	Q. ‘ Process of planning involves certain logical steps.’ Explain the first four steps of this process. Ans. <u>Steps in the process of planning:</u> (i) Setting objectives (ii) Developing premises (iii) Identifying alternative courses of action (iv) Evaluating alternative courses (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)	½ mark for naming each step + ½ mark for explanation = 1 x 4 =4 Marks
-	22	-	Q. State with the help of any four points why it is important for a business to lay emphasis on consumer protection. Ans. <u>It is important for a business to lay emphasis on consumer protection because: (Any four)</u> (i) It is in the <u>long-term interest of business</u> to satisfy their customers. (ii) It is because the <u>business uses society’s resources</u> and thus has a <u>responsibility to supply products or services which are in public interest.</u> (iii) It is because the business has <u>social responsibility</u> towards various interest groups. (iv) It is the <u>moral duty</u> of a business to take care of customer’s interest and avoid their exploitation.. (v) It is required to <u>avoid government intervention.</u> (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)	1 x 4 = 4 marks
-	23	-	Q. State the importance of the internal sources of recruitment. Ans. <u>Importance of the internal sources of recruitment(any five):</u> (a) <u>Motivates employees</u> as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation. (b) <u>Simplifies the process of selection</u> as the candidates are already known to the organisation. (c) <u>No need for induction training</u> as the employees are	1 x 5 = 5 marks

			<p>already familiar with the organisation.</p> <p>(d) Helps in <u>adjustment of surplus staff</u> in those departments where there is shortage of staff.</p> <p>(e) <u>Economical source</u> of recruitment.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>													
-	24	-	<p>Q. Explain the various steps involved in the process of control.</p> <p>Ans. <u>Steps involved in the process of control:</u></p> <p>(i) Setting performance standards (ii) Measuring actual performance (iii) Comparing actual performance with standards (iv) Analysing deviations</p> <ul style="list-style-type: none"> • Critical Point Control • Management by Exception <p>(v) Taking corrective action</p> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for the heading + ½ mark for the explanation = 1 x 5 = 5 marks</p>												
-	25	-	<p>Q. What is meant by ‘Capital Market’? Name the two types of capital market and differentiate between the two on any four basis.</p> <p>Ans. <u>Meaning of Capital Market</u> Capital Market means the facilities and institutional arrangements through which long term funds, both debt and equity, are raised and invested.</p> <p><u>Types of Capital market</u> : Primary market and Secondary market.</p> <p><u>Difference between Primary market and Secondary market (any four):</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Basis</th> <th style="width: 50%;">Primary Market (New Issue Market)</th> <th style="width: 25%;">Secondary Market (Stock Exchange)</th> </tr> </thead> <tbody> <tr> <td>Securities traded</td> <td>There is sale of securities by new companies or further (new) issues of securities by existing companies to investors.</td> <td>There is trading of existing securities only.</td> </tr> <tr> <td>Purpose</td> <td>Securities are sold by the company to the investor directly (or through an intermediary)</td> <td>Ownership of existing securities is exchanged between investors. The company is not involved at all.</td> </tr> <tr> <td>Capital formation</td> <td>The flow of funds is from savers to investors, i.e. the primary market</td> <td>Enhances encashability (liquidity) of securities, i.e. the secondary market</td> </tr> </tbody> </table>	Basis	Primary Market (New Issue Market)	Secondary Market (Stock Exchange)	Securities traded	There is sale of securities by new companies or further (new) issues of securities by existing companies to investors.	There is trading of existing securities only.	Purpose	Securities are sold by the company to the investor directly (or through an intermediary)	Ownership of existing securities is exchanged between investors. The company is not involved at all.	Capital formation	The flow of funds is from savers to investors, i.e. the primary market	Enhances encashability (liquidity) of securities, i.e. the secondary market	<p>½ mark for the meaning + ½ mark for two types of capital market + 1 mark for each correct point of difference = 1 x 4 = 4 marks</p> <p>= ½ + ½ + 4</p>
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Securities traded	There is sale of securities by new companies or further (new) issues of securities by existing companies to investors.	There is trading of existing securities only.														
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			directly promotes capital formation.	indirectly promotes capital formation.	= 5marks
		Buying/ selling	Only buying of securities takes place in the primary market. Securities cannot be sold by the investors.	Both the buying and the selling of securities can take place on the stock exchange.	
		Price determination	Prices are determined and decided by the management of the company.	Prices are determined by demand and supply for the security.	
		Location	There is no fixed geographical location.	Located at specified places.	
-	26	-	<p>Q. State the factors determining the choice of channels of distribution.</p> <p>Ans. Factors determining the choice of channels of distribution:</p> <p>(i) Product related factors include nature of the product, perishability, unit value and degree of complexity of the product.</p> <p>(ii) Company related factors include financial strength of the company and degree of control of the company on channel members.</p> <p>(iii) Competitive factors include the policy of the company to go with or be different from the choice of channel selected by the competitors.</p> <p>(iv) Market related factors include size of market, geographical concentration of potential buyers and quantity purchased.</p> <p>(v) Environmental factors include prevailing economic conditions and legal constraints.</p> <p>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</p>		1x5 = 5marks
30	27	28	<p>Q. Describe the role of ‘Public Relations’ in the promotion of products and services.</p> <p>Ans. Role of Public Relations in the promotion of products and services: (Any four)</p> <p>(i) Press Relations.</p> <p>(ii) Product Publicity.</p> <p>(iii) Corporate Communication.</p> <p>(iv) Lobbying.</p> <p>(v) Counselling.</p> <p>(If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p>		½ mark for each heading + 1 mark for each explanation = 1 ½ x 4 = 6marks
OR					

			<p><u>Role of Public Relations in the promotion of products and services:</u></p> <p>(i) Smooth functioning of business. (ii) Image building. (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different public groups. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. Explain the four important elements of marketing mix. Ans. The four important elements of marketing mix are: (i) Product mix (ii) Price mix, (iii) Place mix, and (iv) Promotion mix. 1. Product Mix: Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers. It includes branding, labelling, trademark and packaging. 2. Price Mix: Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes. 3. Place Mix: <u>Place or Physical Distribution</u> mix includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers. 4. Promotion Mix: Promotion mix consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p>	<p style="text-align: center;">OR</p> <p>½ mark for each heading + 1 mark for each explanation = 1 ½ x 4 =</p> <p style="text-align: center;">6marks.</p>
29	28	27	<p>Q. Explain how the following factors affect the working capital requirements of a business: (i) Inflation (ii) Business cycle (iii) Level of competition; and (iv) Nature of business Ans. <u>Factors affecting the requirements of working capital:</u></p>	

		<p>(i) <u>Inflation</u> During inflation, larger working capital is required to maintain a constant volume of production and sales.</p> <p>(ii) <u>Business cycle</u> In case of boom, larger working capital is required as the sales and production are more.</p> <p>(iii) <u>Level of competition</u> Higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital.</p> <p>(iv) <u>Nature of business</u> Trading organisations require lesser working capital than manufacturing organisations as there is no processing involved; service industries require the least working capital as they do not have to maintain inventory.</p> <p style="text-align: center;">OR</p> <p>Q. Explain any four factors affecting the choice of capital structure of a company: Ans. Ans. <u>Following are the factors affecting the choice of capital structure of a company: (any four)</u></p> <ol style="list-style-type: none"> 1. Cash flow position 2. Interest coverage ratio 3. Debt service coverage Ratio 4. Return on Investment 5. Cost of debt 6. Tax rate 7. Cost of equity 8. Floatation costs 9. Cost 10. Fixed operating costs 11. Risk consideration 12. Flexibility 13. Control 14. Regulatory framework 15. Stock market conditions 16. Capital structure of other companies <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>1 ½ x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>	
27	29	29	<p>Q. Besides ‘Effective management’ and ‘Employee development’, delegation helps the organisation in different ways. Explain any four such ways.</p>	<p>½ mark for heading + 1 mark</p>

			<p>Ans. Besides ‘Effective management’ and ‘Employee development’, delegation helps the organisation in:</p> <p>(i) Motivation of employees. (ii) Facilitation of growth. (iii) Better co-ordination. (iv) Creation of management hierarchy. (if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">Or</p> <p>Q. ‘Decentralisation is an important philosophy that implies selective dispersal of authority.’ In the light of this statement, explain any four points of importance of decentralization.</p> <p>Ans. Decentralisation is an important philosophy that implies selective dispersal of authority. In the light of this statement, decentralization is important as it: (Any four)</p> <p>(i) Develops initiative amongst subordinates. (ii) Develops managerial talent for the future. (iii) Leads to quick decision making. (iv) Gives relief to top management. (v) Facilitates growth. (vi) Facilitates better control. (If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>for explanation = 1 ½ x 4 = 6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>
28	30	30	<p>Q. ‘The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.’ In the light of this statement, explain any four functions of a supervisor.</p> <p>Ans. <u>The functions and performance of the supervisor are vital to an organisation because he:</u> (Any four)</p> <p>(i) Maintains day to day contact. (ii) Links the workers and the management. (iii) Helps in maintaining group unity. (iv) Ensures performance of work. (v) Provides on the job training. (vi) Builds high morale amongst the workers. (vii) Gives feedback. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p> <p style="text-align: center;">OR</p>

			OR	
			<p>Q. Describe personal barriers to effective communication.</p> <p>Ans. Personal barriers to effective communication are:</p> <p>(i) Fear of challenge to authority.</p> <p>(ii) Lack of confidence of superior on his subordinates.</p> <p>(iii) Unwillingness to communicate.</p> <p>(iv) Lack of proper incentives.</p>	<p>½ mark for each heading</p> <p>+</p> <p>1 mark for each explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>

	MARKING SCHEME – 2013-14 BUSINESS STUDIES OUTSIDE DELHI COMPTT– 66/3 EXPECTED ANSWERS / VALUE POINTS			DISTRIBUTION OF MARKS
66/1	66/2	66/3		
7	6	1	<p>Q. How does staffing improve job satisfaction and morale of employees? State.</p> <p>Ans. Staffing improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.</p>	1 mark
8	5	2	<p>Q. How does directing initiate action? State.</p> <p>Ans. Other functions prepare a setting for action, directing implements it in the organisation.</p>	1 mark
9	4	3	<p>Q. Give any two examples of ‘Employee Recognition’ as a non financial incentive.</p> <p>Ans. Examples of ‘Employee Recognition’ as a non financial incentive are:</p> <p>(i) Congratulating the employee for good performance. (ii) Installing award or certificate for best performance. (iii) Displaying on the notice board or in the newsletter about the achievement of the employee. (iv) Distributing mementos or complimentaries in recognition of employee’s services. (v) Rewarding an employee for valuable suggestions. (or any other correct example) (or any other correct example)</p>	$\frac{1}{2} \times 2$ =1 mark
10	3	4	<p>Q. What is meant by ‘Management by Exception’ in the process of controlling?</p> <p>Ans. Management by Exception in the process of controlling means that only significant deviations which go beyond the permissible limit should be brought to the notice of the management.</p> <p style="text-align: center;">OR</p> <p>Management by Exception in the process of controlling means that an attempt to control everything results in controlling nothing.</p>	1 mark
11	2	5	<p>Q. On which type of products is ISI mark used?</p> <p>Ans. Electrical goods.</p>	1 mark
12	1	6	<p>Q. ‘The consumer has the right to acquire knowledge and to be a well informed consumer throughout life.’ State what type of knowledge is required by the consumer in the above stated ‘Right’.</p> <p>Ans. In the above stated right, i.e. Right to Consumer Education, a consumer should know about the rights and reliefs available to him in case a product or service falls short of his expectations.</p>	1 mark

1	12	7	<p>Q. Name the level of management that is responsible for the welfare and survival of the organisation.</p> <p>Ans. Top level.</p>	1 mark
2	11	8	<p>Q. Why is it said that business environment is uncertain?</p> <p>Ans. It is said that business environment is uncertain because it is difficult to predict future happenings especially when environment changes are taking place too frequently.</p>	1 mark
3	10	9	<p>Q. ‘Deciding in advance what to do and how to do is one of the basic management functions.’ Give the meaning of this function.</p> <p>Ans. <u>Planning</u> is the function being referred to. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p style="text-align: center;">(or any other correct meaning)</p>	1 mark
4	9	10	<p>Q. Name the type of plan which is in the form of general statements, that guides thinking towards a particular direction and helps in solving routine problems.</p> <p>Ans. Policy</p>	1 mark
5	8	11	<p>Q. Distinguish between functional structure and divisional structure on the basis of ‘formation’.</p> <p>Ans. Functional structure is formed on the basis of functions while divisional structure is formed on the basis of product lines supported by functions.</p>	1 mark
6	7	12	<p>Q. What is meant by ‘formal organisation’?</p> <p>Ans. Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task.</p> <p style="text-align: center;">(or any other correct definition)</p>	1 mark
17	14	13	<p>Q. Give the meaning of the following money market instruments:</p> <p>(i) Treasury bill; and (ii) Call money.</p> <p>Ans. (i) <u>Treasury bill</u> It is an instrument issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default.</p> <p>(b) <u>Call Money</u> It is the method by which banks borrow from each other to be able to maintain the cash reserve ratio. It is repayable on demand, with a maturity period of one day to fifteen days.</p>	<p style="text-align: center;">$1\frac{1}{2} + 1\frac{1}{2}$ =</p> <p style="text-align: center;">3 marks</p>
15	16	14	<p>Q. ‘Wealth maximization’ is the primary objective of financial management. Explain.</p>	3 marks

			<p>Ans. Wealth maximisation is the primary objective of financial management which means maximising the market value of investment in the shares of the company. It is possible only by:</p> <p>(i) Ensuring availability of sufficient funds at reasonable cost.</p> <p>(ii) Ensuring effective utilization of funds.</p> <p>(iii) Ensuring safety of funds by creating reserves, re-investment of profits etc.</p>	
18	13	15	<p>Q. ‘You don’t close a sale, you open a relationship, if you want to build a long term successful enterprise.’ Identify the communication tool used by the marketer. State any two features of this communication tool.</p> <p>Ans. <u>Personal selling.</u></p> <p>Features of personal selling are:</p> <p>(i) It involves a <u>direct face to face dialogue.</u></p> <p>(ii) It allows salespersons to develop <u>personal relationships</u> with prospective customers.</p>	<p>1 mark for identification + 1 mark for each statement =1x2 2 marks =1+2 3marks</p>
13	18	16	<p>Q. Pawan is working as a ‘production manager’ in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.</p> <p>(a) State the principle of management described in the above para.</p> <p>(b) Identify any two values which the company wants to communicate to the society.</p> <p>Ans. (a) <u>Harmony not discord</u> which advocates that there should be complete harmony between management and the workers. To achieve this, Taylor called for a complete mental revolution on the part of both management and workers.</p> <p>(b) Values which the company wants to communicate to the society are:</p> <p>(i) Sensitivity towards the environment.</p> <p>(ii) Good behaviour in human interaction.</p> <p>(or any other correct value)</p>	<p>$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for the statement = $\frac{1}{2} + \frac{1}{2}$ = 1 mark + 1 mark for each value = 1 x 2 =2marks = 1+2 3marks</p>
14	17	17	<p>Q. Telco Ltd. is manufacturing files and folders from old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not</p>	<p>$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for the</p>

			<p>welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.</p> <p>(a) State the principle of management described in the above para.</p> <p>(b) Identify any two values that the company wants to communicate to the society.</p> <p>Ans. (a) <u>Initiative</u>. It means eagerness to initiate action without being asked to do so.</p> <p>(b) <u>Values which the company wants to communicate to the society are:</u></p> <p>(i) Sensitivity towards the environment. (ii) Creation of job opportunities. (iii) Development of backward regions.</p> <p style="text-align: center;">(or any other correct value)</p>	<p>statement = ½ + ½ = 1 mark + 1 mark for each value = 1 x 2 =2marks = 1+2 3marks</p>
16	15	18	<p>Q. Give the meaning of ‘Investment decision’ and ‘Dividend decision’.</p> <p>Ans. <u>Investment decision</u> involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors.</p> <p><u>Dividend decision</u> involves deciding about how much of profit earned by the company is to be distributed to the shareholders and how much of it should be retained in the business.</p>	<p>1 ½ + 1 ½ = 3 marks</p>
-	-	19	<p>‘Coordination is the essence of management.’ Explain how.</p> <p>Ans. Co-ordination is not a separate function of management. It is the force that binds all other functions and thus called the essence of management.</p> <ul style="list-style-type: none"> • The process of coordinating the activities begins at the <u>planning stage</u> in which the top management plans for the entire organization. • At the <u>organizing stage</u>, the organizational structure is developed as per plans. • The <u>staffing function</u> is performed thereafter as per the structure developed in the organization structure. • <u>Directing</u> is then required to ensure that these plans are executed accordingly. • <u>Controlling function</u> ensures that the discrepancies between actual and planned activities are taken care of. <p>Coordination, therefore, synchronises the efforts through all functions of management and ensures that the organizational objectives are achieved with a minimum of conflict.</p>	<p>=4 marks</p>

-	-	20	<p>Q. ‘ Understanding of environment by business managers enables them not only to identify and evaluate, but also to react to the forces external to their firms.’ In light of the statement, explain any four points of importance of business environment.</p> <p>Ans. <u>Importance of business environment(any four):</u></p> <p>(i) Identify opportunities and get first mover advantage (ii) Identify threats and early warning signals (iii) Tap useful resources (iv) Assist in planning and policy formulation (v) Help in coping with rapid changes (vi) Help in improving performance</p> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1x4 = 4 marks</p>
-	-	21	<p>How does planning ‘Not work in a dynamic environment’ and ‘Does not guarantee success’? Explain.</p> <p>Ans. <u>‘Planning may not work in a dynamic environment’</u></p> <ul style="list-style-type: none"> • The business environment is dynamic. The organization has to constantly adapt itself to changes in environment by making changes in its plans. • Planning cannot foresee accurately changes in the environment and, thus, there may be obstacles to effective planning. <p><u>‘Planning does not guarantee success’</u></p> <ul style="list-style-type: none"> • Managers have a tendency to rely on previously tried and tested plans. But a plan that has worked before may not work again. • While planning, many unknown factors have to be considered. The false of security created by planning may actually lead to failure instead of success. 	<p>2 marks</p> <p>2 marks</p> <p>= 2+2 = 4 marks</p>
-	-	22	<p>Q. State any eight reliefs available to a consumer under the provisions of Consumer Protection Act, 1986.</p> <p>Ans. <u>Reliefs available to a consumer under the provisions of Consumer Protection Act, 1986.</u></p> <p>(i) To <u>remove</u> the defect in goods or the deficiency in service. (ii) To <u>replace</u> the defective product with a new one, free from any defect. (iii) To <u>refund the price</u> paid for the product. (iv) To pay a <u>reasonable amount of compensation</u> for any loss or injury suffered by the consumer due to negligence of the opposite party. (v) To pay <u>punitive damages</u> in appropriate circumstances.</p>	<p>½ mark for each relief = ½ x 8 =4 marks</p>

			<p>(vi) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future.</p> <p>(vii) <u>Not to offer hazardous goods for sale.</u></p> <p>(viii) To <u>withdraw hazardous goods from sale.</u></p> <p>(ix) To <u>cease manufacture of hazardous goods.</u></p> <p>(x) To <u>pay any amount</u> (not less than 5% of the value of the defective goods to be credited <u>to the Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(xi) To issue corrective advertisement to neutralize the effect of misleading advertisement.</p> <p>(xii) To <u>pay adequate costs</u> to the appropriate party.</p>	
-	-	23	<p>Q. What is meant by ‘Training’? State the benefits of training to the employee.</p> <p>Ans. <u>Meaning of Training</u> Training means the process by which attitudes, skills and abilities of employees to perform specific jobs are increased.</p> <p><u>Benefits of training to the employee. (Any four):</u></p> <p>(i) It helps in promotion and career growth.</p> <p>(ii) It helps him to earn more.</p> <p>(iii) It reduces accidents.</p> <p>(iv) It increases the morale of the employees</p> <p>(v) It provides better employment opportunities</p> <p>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each benefit = 1 x 4 = 4 marks = 1+4 = 5 marks</p>
-	-	24	<p>Q. Explain the relationship between planning and controlling.</p> <p>Ans. Planning and controlling are mutually interrelated and interdependent activities because:</p> <ol style="list-style-type: none"> 1. Controlling takes place on the basis of <u>standards</u> developed by planning; 2. <u>Planning without controlling is meaningless</u> as controlling ensures that the events conform to the plans. 3. <u>Planning prescribes</u> an appropriate course of action for achieving objectives whereas <u>controlling evaluates</u> whether decisions have been translated into desired actions. 4. Planning and controlling both are <u>forward looking</u> 5. Planning and controlling are both <u>looking back.</u> <p>(Note: If the answer covers the above points in any other form, full credit should be given)</p>	<p>5 marks</p>
-	-	25	<p>Explain any five functions of Stock Exchange.</p> <p>Ans. <u>Functions of Stock Exchange(any five):</u></p> <p>(i) Provides liquidity and marketability to existing securities</p>	

			<p>(ii) Determines price of securities (iii) Ensures safety of transactions (iv) Contributes to economic growth (v) Spreads Equity cult (vi) Provides scope for speculation (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1x5 = 5 marks</p>
-	-	26	<p>What is meant by ‘advertising’? State the role of advertising in marketing. Ans. <u>Meaning of advertising</u> Advertising is the paid form of non-personal communication about a product by an identified sponser.</p> <p><u>Role of advertising in marketing</u>(any four): (i) Advertising helps to create demand by informing the prospective customers about the product. (ii) It provides economies of scale as increased demand leads to higher production. (iii) It educates consumers by informing about the availability of different products in the market. (iv) It generates employment by creating various kinds of jobs to artists, script writers,etc . (v) It improves standard of living by giving information regarding new products and increasing income levels of people. (vi) It sustains the media by acting as a source of revenue. (If an examinee has given only the heading, ½ mark for the heading should be awarded)</p>	<p>1 mark + 1 mark for each point =1 x 4 = 4 marks</p> <p>= 1 +4 marks =5 marks</p>
29	28	27	<p>Q. Explain how the following factors affect the working capital requirements of a business: (i) Inflation (ii) Business cycle (iii) Level of competition; and (iv) Nature of business Ans. <u>Factors affecting the requirements of working capital:</u> (i) <u>Inflation</u> During inflation, larger working capital is required to maintain a constant volume of production and sales. (ii) <u>Business cycle</u> In case of boom, larger working capital is required as the sales and production are more.</p>	<p>1 ½ x 4 = 6 marks</p>

		<p>(iii) <u>Level of competition</u> Higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital.</p> <p>(iv) <u>Nature of business</u> Trading organisations require lesser working capital than manufacturing organisations as there is no processing involved; service industries require the least working capital as they do not have to maintain inventory.</p> <p style="text-align: center;">OR</p> <p>Q. Explain any four factors affecting the choice of capital structure of a company: Ans. Ans. <u>Following are the factors affecting the choice of capital structure of a company: (any four)</u></p> <ol style="list-style-type: none"> 1. Cash flow position 2. Interest coverage ratio 3. Debt service coverage Ratio 4. Return on Investment 5. Cost of debt 6. Tax rate 7. Cost of equity 8. Floatation costs 9. Cost 10. Fixed operating costs 11. Risk consideration 12. Flexibility 13. Control 14. Regulatory framework 15. Stock market conditions 16. Capital structure of other companies <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>	
30	27	28	<p>Q. Describe the role of ‘Public Relations’ in the promotion of products and services. Ans. <u>Role of Public Relations in the promotion of products and services: (Any four)</u></p> <ol style="list-style-type: none"> (i) Press Relations. (ii) Product Publicity. (iii) Corporate Communication. (iv) Lobbying. (v) Counselling. 	<p>½ mark for each heading + 1 mark for each explanation = 1 ½ x 4 =</p>

		<p>(If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p><u>Role of Public Relations in the promotion of products and services:</u></p> <p>(i) Smooth functioning of business. (ii) Image building. (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different public groups.</p> <p>(If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. Explain the four important elements of marketing mix.</p> <p>Ans. The four important elements of marketing mix are: (i) Product mix (ii) Price mix, (iii) Place mix, and (iv) Promotion mix.</p> <p>1. Product Mix: Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers. It includes branding, labelling, trademark and packaging.</p> <p>2. Price Mix: Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes.</p> <p>3. Place Mix: <u>Place or Physical Distribution</u> mix includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p>4. Promotion Mix: Promotion mix consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.</p>	<p>6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for each heading + 1 mark for each explanation = 1 ½ x 4 =</p> <p>6marks.</p>	
27	29	29	<p>Q. Besides 'Effective management' and 'Employee development', delegation helps the organisation in different ways. Explain any four such ways.</p>	<p>½ mark for heading + 1 mark</p>

		<p>Ans. Besides ‘Effective management’ and ‘Employee development’, delegation helps the organisation in:</p> <p>(i) Motivation of employees. (ii) Facilitation of growth. (iii) Better co-ordination. (iv) Creation of management hierarchy. (if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">Or</p> <p>Q. ‘Decentralisation is an important philosophy that implies selective dispersal of authority.’ In the light of this statement, explain any four points of importance of decentralization.</p> <p>Ans. Decentralisation is an important philosophy that implies selective dispersal of authority. In the light of this statement, decentralization is important as it: (Any four)</p> <p>(i) Develops initiative amongst subordinates. (ii) Develops managerial talent for the future. (iii) Leads to quick decision making. (iv) Gives relief to top management. (v) Facilitates growth. (vi) Facilitates better control. (If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>for explanation = 1 ½ x 4 = 6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p>	
28	30	30	<p>Q. ‘The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.’ In the light of this statement, explain any four functions of a supervisor.</p> <p>Ans. <u>The functions and performance of the supervisor are vital to an organisation because he:</u> (Any four)</p> <p>(i) Maintains day to day contact. (ii) Links the workers and the management. (iii) Helps in maintaining group unity. (iv) Ensures performance of work. (v) Provides on the job training. (vi) Builds high morale amongst the workers. (vii) Gives feedback. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks</p> <p style="text-align: center;">OR</p>

			OR	
			<p>Q. Describe personal barriers to effective communication.</p> <p>Ans. Personal barriers to effective communication are:</p> <p>(i) Fear of challenge to authority.</p> <p>(ii) Lack of confidence of superior on his subordinates.</p> <p>(iii) Unwillingness to communicate.</p> <p>(iv) Lack of proper incentives.</p>	<p>½ mark for each heading</p> <p>+</p> <p>1 mark for each explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>