

Second Year Higher Secondary Second Terminal Evaluation, December 2019

Subject-Business Studies With Functional Management-**SSE 48** -Unofficial

Q.No	Sub Q.No	Answer key/Value Points	Score	Total
Answer all questions from 1 to 9.Each carries 1 Score (9 X 1 =9)				
1.		c). Informal Organization	1	9
2.		c.Coaching (others are off-the-job training)	1	
3.		c).Cluster Network	1	
4		d).Selection	1	
5.		Premises	1	
6.		Privatisation	1	
7.		b).Wealth maximisation	1	
8.		c).Commercial paper	1	
9.		b).Budget	1	
Answer any 6 questions from 10-16.Each carries 2 scores (6 X 2 = 12)				
10.		Profession can be defined as an occupation backed by special knowledge and training. Management is also a body of knowledge involving formal methods of training. All India Management association has devised a Code of conduct for Indian managers.	2	12
11.		Any two with short explanation (Public issue through prospectus, Offer for sale, Private placement, Right issue, e-IPOs)	2*1= 2	
12.		1.To ensure availability of funds whenever required This includes estimation of the funds required for different purposes, which are, long- term assets and working capital requirements. 2.To see that the firm does not raise resources unnecessarily: It is an important objective of the company to make sure that the firm does not raise unnecessary resources. Shortage of funds and the firm cannot meet its payment obligations. Whereas with a surplus of funds, the firm does not earn returns but adds to costs.	2*1= 2	
13.			2	
14.		Any two points with short explanation . Limitations of planning (Planning leads to rigidity, Planning may not work in a dynamic environment, Planning reduces creativity, Planning involves huge costs, Planning is a time-consuming process, Planning does not guarantee success)	2*1=2	
15.		Management is multi dimensional (Any 2 points) Management includes three main activities. They are: 1. Management of work: All organizations are engaged in doing some work in order to accomplish some task. The nature of work depends upon the nature of business, in a school work is providing education, in a hospital work is to treat patient, in an industry it is to produce some product. Management manages these works to accomplish desired result. 2. Management of people: Management involves getting work done through people. An organization can win over it competitor with efficient human resources only because two organization can have same physical, technological and financial resources but not human resources.	2*1=2	

		3. Management of operations: Management of operations refers to management of production process (in case of an industry) and activities of buying and selling in case of a trading concern.																				
16.		Any Two Differences <table border="1"> <thead> <tr> <th>Basis</th> <th>Unity of Command</th> <th>Unity of Direction</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>This principle states that one subordinate should get orders from and report to one boss.</td> <td>This principle states each group of activities having the same objective must have one head and one plan.</td> </tr> <tr> <td>Aim</td> <td>To prevent dual subordination</td> <td>To prevent overlapping of activities</td> </tr> <tr> <td>Implications</td> <td>It affects an individual employee</td> <td>It affects the entire organization</td> </tr> <tr> <td>Display Relationship</td> <td>It represents relationship between superior and subordinate.</td> <td>It represents relationship of activities as per organizational plans and goals.</td> </tr> <tr> <td>Need</td> <td>It is needed to fix the responsibility of each person in the organization.</td> <td>It is needed for sound organization of activities.</td> </tr> </tbody> </table>	Basis	Unity of Command	Unity of Direction	Meaning	This principle states that one subordinate should get orders from and report to one boss.	This principle states each group of activities having the same objective must have one head and one plan.	Aim	To prevent dual subordination	To prevent overlapping of activities	Implications	It affects an individual employee	It affects the entire organization	Display Relationship	It represents relationship between superior and subordinate.	It represents relationship of activities as per organizational plans and goals.	Need	It is needed to fix the responsibility of each person in the organization.	It is needed for sound organization of activities.	2*1=2	
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Answer any 4 questions from 17-21. Each carries 3 score (4 X 3=12)

17.		Features Demonetization (Any 3 points) 1. It is a tax administration measure- In it cash holdings arising from declared income was readily deposited in banks and exchanged for new notes. But those with black money had to declare their unaccounted wealth and pay taxes at a penalty rate. 2. It is a method to check tax evasion- Through this action, government indicating that tax evasion will no longer be tolerated or accepted. 3. It is a method to channelize savings into the formal financial system- It is very essential to give base loans, at lower interest rates. 4. Demonetization has been used as a tool to stabilize a currency and fight inflation 5. It is an effective method to push informal economic activity into more transparency and away from black markets.	3*1=3	12
18.	a) b)	Informal Organisation Features (Any Two) 1. Informal organization structure gets created automatically and is not deliberately created by management. 2. It is formed by employees to get psychological satisfaction. 3. Informal organisation does not have fixed line of communication. 4. Source of information cannot be known under informal structure as any person can communicate with anyone in the organisation 5. The relationship is based upon friendship and common interest.	1 2	
19.		Importance of supervision (Any 3) 1. Maintains day to day contact: The supervisor maintains day to day contact with the workers. He acts as a guide, friend, and philosopher to the workers. 2. Act as a link between workers and management: Supervisor act as link between workers and management 3. Provides on the job training: Supervisor provides good on the job training to the workers and builds efficient team of workers. 4. Ensures performance of work: Supervisor ensures performance of work according to the targets set. He takes responsibility for tasks achievement and motivates his workers effectively.	3*1=3	

		5.Gives feedback: Supervisor analyzes the work performed and gives feedback to the workers. He suggests ways and means of developing work skills.		
20.		<u>Steps in controlling(Short explanation)</u> 1. Measurement of actual performance 2. Comparison of actual performance with standards 3. Analysing deviations	3*1=3	
21.		Developmental Functions of SEBI(Any 3) 1.Training to intermediaries SEBI promotes training of intermediaries of the securities market. 2.Conducting Research It conducts research and publishes information useful to all market participants. 3.Stock market Reforms It undertakes measures to develop the capital markets by adapting flexible approach like internet trading through registered stock brokers, made under writing as optional etc.	3*1=3	
Answer any 4 questions from 22 to 26, each carries 4 scores.(4 X 4=16)				
22.		Significance/Importance of management principles (Any 4 with short explanation) 1.Providing managers with useful insights into reality 2.Optimum utilization of resources and effective administration 3.Scientific decisions possible 4.Meeting changing environment requirement 5.Base for management training, education and research 6.Fulfilling social responsibility	4*1= 4	16
23.		Importance of Staffing (Any 4 with short explanation) 1.Helps in obtaining competent personnel. 2.Ensure Maximum Productivity: Staffing ensures higher productivity by placing right person on the right job by proper recruitment and selection. 3.Optimum utilisation of manpower: It ensures optimum utilisation of human resources by avoiding over staffing or shortage of staff 4.Improve the job satisfaction and morale of employees: It includes training, promotion, compensation etc.All these activities help in motivating the employees and boost up the morale of the employees. 5.Key to effectiveness of other functions: Among the various factors of production, manpower is the only factor which has the capacity to “think”. All functions in the organisation are performed by human beings and through proper selection and training of manpower, staffing process ensures organisation objectives.	4*1= 4	
24.	a. b.		1 3*1= 3	
25.		Modern Techniques (Any 4 with short explanations) (a) Return on investment (b) Ratio analysis (c) Responsibility accounting (d) Management audit (e) PERT and CPM (f) Management information system	4*1= 4	

26.		<p>Factors affecting fixed capital/capital budgeting / long term investment decisions (Any 4 with short explanations)</p> <p>1. Cash flow of the project: Investment in fixed assets generates cash inflows (receipts) over a period. These cash flows should be carefully analysed and evaluated before making a capital budgeting decision.</p> <p>2. The rate of return: The most important criterion is the rate of return of the project.</p> <p>3. Risk Involved: The degree of risk involved in each project should be assessed before making a long term investment.</p> <p>4. Investment criteria involved: There is different capital budgeting decisions techniques to evaluate investment proposals. These techniques are Net Present Value, Discounted Cash Flow, Payback Period Method etc.</p> <p>5. Competitive Strategy: If a competitor is going for new machinery of high capacity and cost effective, we may have to follow that.</p> <p>6. Demand Forecast: Analysis of demand for a long period must be undertaken before capital budgeting decision.</p>	4*1=4	
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Answer any 3 question from 27 and 30 carries 5 scores.(3X 5=15)

27.	<p>a) b)</p>	<p>External Sources of recruitment.</p> <p>Disadvantages of internal sources of recruitment (Any 4,with short explanation)</p> <p>1. Incomplete source of recruitment-It is an incomplete source of recruitment because the existing staff may be insufficient or they may not fulfill the eligibility criteria of the jobs to be filled.</p> <p>2. Reduced productivity-Frequent transfers of employees may often reduce the productivity of the organisation.</p> <p>3. Hindrance for induction of fresh talents-Internal source of recruitment reduces the scope for induction of fresh talents into the firm.</p> <p>4. Not suitable for new enterprises-A new enterprise can't use internal sources of recruitment.</p> <p>5. Lack of competition among employees-The spirit of competition among the employees may be hampered because employees are likely to expect automatic promotion by seniority; performance is not a matter at all.</p>	1 4*1=4	15
28.		<p>Principles of Directing (Any 5, with short explanation)</p> <p>Maximum individual contribution: Directing technique should be made in such a way that they must help every individual to contribute his maximum potential for the achievement of the organizational objectives.</p> <p>Harmony of objectives: According to this principle, directing should provide harmony between the organizational objectives and the individual objectives of the employees.</p> <p>Unity of command: This principle insists that an employee in the organization should receive orders and instructions only from one superior at a time.</p> <p>Appropriate technique: According to this principle, appropriate motivational and leadership technique should be used while directing the people based on subordinate needs, capabilities and other situational variables</p> <p>Managerial communication: Effective managerial communication across all levels in the organization makes direction effective.</p> <p>Strategic use of informal organization: In every organization, there exist informal groups or organizations within every formal organization. The manager should be aware of it and make use of such organizations for effective directing</p> <p>Follow up: Directing involves instructing; guiding, ordering etc.Mere issue of orders and instructions is not enough.</p>	5*1=5	

29.	<p>Factors Affecting Dividend Decision(Any 5 with short explanation)</p> <p>1. Amount of Earnings: Dividend is paid out of current and past earning. Therefore, earnings are a major determinant of the decision about dividend.</p> <p>2. Stability Earnings: If a company has stable earnings, it will provide high dividends to its shareholders.</p> <p>3. Growth Opportunities: Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment.</p> <p>4. Cash Flow Position: The payment of dividend involves an outflow of cash. Companies declare high rate of dividend only when they have surplus cash. In situation of shortage of cash companies declare no or very low dividend</p> <p>5. Shareholders' Preference: While declaring dividends, managements must keep in mind the preferences of the shareholders in this regard</p> <p>6. Taxation Policy: If tax on dividend is higher, it is better to pay fewer dividends. So taxation policy of government also influences dividend decision.</p> <p>7. Stock Market Reaction: Rate of dividend and stock market reaction are directly related. A higher rate of dividend has a positive impact on stock price and vice versa</p> <p>8. Legal Constraints: Certain provisions of the Companies Act place restrictions on payouts as dividend.</p>	5*1=5													
30.	<p>Match the followings:</p> <table border="1" data-bbox="300 887 1294 1111"> <thead> <tr> <th data-bbox="300 887 794 920">A</th> <th data-bbox="794 887 1294 920">B</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 920 794 954">a) Treasury Bill</td> <td data-bbox="794 920 1294 954">3) Zero coupon bonds</td> </tr> <tr> <td data-bbox="300 954 794 987">b) NSDL</td> <td data-bbox="794 954 1294 987">5) NSE</td> </tr> <tr> <td data-bbox="300 987 794 1021">c) Commercial Bank</td> <td data-bbox="794 987 1294 1021">1) Call Money</td> </tr> <tr> <td data-bbox="300 1021 794 1055">d) CDSL</td> <td data-bbox="794 1021 1294 1055">2) BSE</td> </tr> <tr> <td data-bbox="300 1055 794 1111">e) Right Issue</td> <td data-bbox="794 1055 1294 1111">4) Primary Market</td> </tr> </tbody> </table> <p>Note: NSDL is promoted by NSE, IDBI, UTI. CDSL is promoted by BSE and Bank of India</p>	A	B	a) Treasury Bill	3) Zero coupon bonds	b) NSDL	5) NSE	c) Commercial Bank	1) Call Money	d) CDSL	2) BSE	e) Right Issue	4) Primary Market	5*1=5	
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Answer any 2 questions from 31 to 33, each carries 8 score (2 X 8=16)															
31.	<p><u>Staffing Process</u></p> <p>The process of staffing consist of the following steps:</p> <ol style="list-style-type: none"> 1. Estimating the manpower requirements 2. Recruitment 3. Selection 4. Placement and orientation 5. Training and development 6. Performance appraisal 7. Promotion and career planning 8. Compensation 	8	16												
32.	<p>Barriers to communication and remedies with short explanations</p> <table border="1" data-bbox="300 1644 1294 2018"> <thead> <tr> <th data-bbox="300 1644 794 1682">Barriers to Communication</th> <th data-bbox="794 1644 1294 1682">Remedies</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1682 794 1816">1. Semantic barriers: In communication sometimes same word and symbols may be understood differently by different people</td> <td data-bbox="794 1682 1294 1816">1. Use common language, use ultra modern communication equipments etc.</td> </tr> <tr> <td data-bbox="300 1816 794 2018">2. Psychological barriers: It involves Premature evaluation, Lack of attention, Loss by transmission, Distrust between communicator and communicates etc.</td> <td data-bbox="794 1816 1294 2018">Draw listener's attention before communicating; be aware of the languages and tone of the receiver, communicate according to the needs of the receiver, Follow-up communication etc.</td> </tr> </tbody> </table>	Barriers to Communication	Remedies	1. Semantic barriers: In communication sometimes same word and symbols may be understood differently by different people	1. Use common language, use ultra modern communication equipments etc.	2. Psychological barriers: It involves Premature evaluation, Lack of attention, Loss by transmission, Distrust between communicator and communicates etc.	Draw listener's attention before communicating; be aware of the languages and tone of the receiver, communicate according to the needs of the receiver, Follow-up communication etc.	8							
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		<p>3. Organizational barriers: Rules and regulations of the organization, its structure etc.</p>	<p>Use official communication, use horizontal and diagonal communication methods etc.</p>		
		<p>4. Personal barriers: Fear of challenge to authority, Lack of confidence of superior on his subordinates, Unwillingness to communicate etc.</p>	<p>Delegation of authority, Convey things of help and value to listeners</p>		
33.		<p>Factors Affecting Capital Structure</p> <p>1.Trading on equity/ financial leverage factor:Trading on equity factor is the most important factor that will influence the decision of capital structure</p> <p>2.Cash Flow Position: A firm’s ability to pay expenses and loans determines debt capacity .The Company may raise funds by issuing debts if it has a fluent cash flow position, as they are to be paid back after some time.</p> <p>3. Interest Coverage Ratio: Interest Coverage Ratio is the number of times earnings before interest and taxes of a company cover the interest obligation. High-Interest coverage ratio indicates that company can have more of borrowed funds.</p> <p>4. Control in management: Debt generally does not cost dilution of control. To have control, the firm must issue debt. Further issue of equity share may dilute the control of existing equity share holders.</p> <p>5. Return on Investment: It will be beneficial for a firm to raise finance through borrowed funds if the return on investment is higher than the rate of interest on the debt.</p> <p>6. Floatation Cost: These cost include the cost of advertisement, underwriting statutory fees, brokers commission etc. Cost of the Public issue is more than the floatation cost of taking a loan.</p> <p>7. Flexibility: Issuing debenture and preference shares introduce</p> <p>8.Cost of debt/capital: Cost of debt means the minimum return expected by the suppliers of capital.A firm’s ability to borrow at a lower rate increases its capacity to employ higher debt. Thus, more debt can be used if debt can be raised at a lower rate.</p> <p>9. Stock Market Conditions: Conditions of the stock market influence the determination of securities. During the depression, people do not like to take a risk and do not take interest in the equity shares.</p> <p>10. Tax Rate: Interest on debt is allowed as a deduction; thus in case of the high tax rate, debts are preferred over equity but in case of low tax rate more preference is given to equity.</p>		8	