Delhi Private School, Sharjah

Business Studies

Academic Window

Grade 12

Foreword

An investment in knowledge pays the best interest…….This academic window has been meticulously compiled focusing attention on basics as well HOTS that would help any student to score good marks in C.B.S.E Board Examination.

This book has logical sequence of chapters and sections containing solved sample papers. A unique feature is the introduction of synopsis at the beginning of every chapter and then the subsections containing questions of various types (1 mark, 3 marks, 4 marks, 5 marks and 6 marks). Details of almost all aspects and type of questions that can be asked for CBSE exams have been included.

I hope this will go a long way to help the students understand the subject thoroughly. The solved sample papers provide a greater knowledge of how a question can be approached and answered so as to gain maximum marks.

INDEX

S.No	Name of the Chapter	Page No.
1.	Marking Scheme and Project details	5
2.	Nature and Significance of Management	21
3.	Principles of Management	29
4.	Business Environment	35
5.	Planning	41
6.	Organising	47
7.	Staffing	58
8.	Directing	69
9.	Controlling	82
10.	Financial Management / Business Finance	89
11.	Financial Markets	98
12.	Marketing Management	104
13.	Consumer Protection	117
14.	Supplementary , Key words, MCQ and Board Sample Papers	123

Theory: 80 Marks Project: 20 Marks

Units		Periods	Marks
Part A	**Principles and Functions of Management**		
1.	Nature and Significance of Management	12	16
2	Principles of Management	14	
3	Business Environment	12	
4	Planning	14	14
5	Organising	15	
6	Staffing	16	20
7	Directing	15	
8	Controlling	12	
	Total	**110**	**50**
Part B	**Business Finance and Marketing**		
9	Financial Management	20	15
10	Financial Markets	18	
11	Marketing Management	30	15
12	Consumer Protection	12	
	Total	**80**	**30**
Part C	**Project Work (One)**	**30**	**20**

Part A: Principles and Functions of Management
Unit 1: Nature and Significance of Management

Concept	**After going through this unit, the student/ learner would be able to:**
Management - concept, objectives, and importance	• Understand the concept of management. • Explain the meaning of 'Effectiveness and Efficiency. • Discuss the objectives of management. • Describe the importance of management.
Management as Science, Art and Profession	Examine the nature of management as a science, art and profession.
Levels of Management	Understand the role of top, middle and lower levels of management
Management functions-planning, organizing, staffing, directing and controlling	Explain the functions of management
Coordination- concept and importance	Discuss the concept and
	characteristics of coordination. Explain the importance of coordination.

Unit 2: Principles of Management

Principles of Management- concept and significance	Understand the concept of principles of management. Explain the significance of management principles.
Fayol's principles of management	Discuss the principles of management developed by Fayol.
Taylor's Scientific management- principles and techniques	Explain the principles and techniques of 'Scientific Management'. Compare the contributions of Fayol and Taylor.

Unit 3: Business Environment

Business Environment- concept and importance	Understand the concept of 'Business Environment'. Describe the importance of business environment
Dimensions of Business Environment- Economic, Social, Technological, Political and Legal Demonetization - concept and features	Describe the various dimensions of 'Business Environment'. Understand the concept of demonetization
Impact of Government policy changes on business with special reference to liberalization, privatization and globalization in India	Examine the impact of government policy changes on business in India with reference to liberalisation, privatization and globalisation since 1991. Discuss the managerial response to changes in business environment.

Unit 4: Planning

Concept, importance and limitation	Understand the concept of planning. Describe the importance of planning. Understand the limitations of planning.
Planning process	Describe the steps in the process of planning.
Single use and standing plans. Objectives, Strategy, Policy, Procedure, method Rule, budget and Programme	Develop an understanding of single use and standing plans Describe objectives, policies,
	strategy, procedure, method, rule, budget and programme as types of plans.

Unit 5: Organising

Concept and importance	Understand the concept of organizing as a structure and as a process. Explain the importance of organising.

Organising Process	Describe the steps in the process of organizing
Structure of organisation- functional and divisional concept. Formal and informal organisation- concept	Describe functional and divisional structures of organisation. Explain the advantages, disadvantages and suitability of functional and divisional structure. Understand the concept of formal and informal organisation. Discuss the advantages, disadvantages of formal and informal organisation.
Delegation: concept, elements and importance	Understand the concept of delegation. Describe the elements of delegation. Appreciate the importance of Delegation.
Decentralization: concept and importance	Understand the concept of decentralisation. Explain the importance of decentralisation. Differentiate between delegation and decentralisation.

Unit 6: Staffing

Concept and importance of staffing	Understand the concept of staffing. Explain the importance of staffing
Staffing as a part of Human Resource Management concept	Understand the specialized duties and activities performed by Human Resource Management
Staffing process	Describe the steps in the process of staffing
Recruitment process	Understand the meaning of recruitment. Discuss the sources of recruitment. Explain the merits and demerits of

	internal and external sources of recruitment.
Selection - process	Understand the meaning of selection. Describe the steps involved in the process of selection.
Training and Development - Concept and importance, Methods of training - on the job and off the job - vestibule training, apprenticeship training and internship training	Understand the concept of training and development. Appreciate the importance of training to the organisation and to the employees. Discuss the meaning of induction training, vestibule training, apprenticeship training and internship training. Differentiate between training and development. Discuss on the job and off the job methods of training.

Unit 7: Directing

Concept and importance	Describe the concept of directing. Discuss the importance of directing
Elements of Directing	Describe the various elements of directing
Motivation - concept, Maslow's hierarchy of needs, Financial and non-financial incentives	Understand the concept of motivation. Develop an understanding of Maslow's Hierarchy of needs. Discuss the various financial and non-financial incentives.
Leadership - concept, styles - authoritative, democratic and laissez faire	Understand the concept of leadership. Understand the various styles of leadership.
Communication - concept, formal and informal communication; barriers to effective communication, how to overcome the barriers	Understand the concept of communication Understand the elements of the communication process.

	▯ Discuss the concept of formal and informal communication. ▯ Discuss the various barriers to effective communication. ▯ Suggest measures to overcome barriers to communication.

Unit 8: Controlling

Controlling - Concept and importance	▯ Understand the concept of controlling. ▯ Explain the importance of controlling.
Relationship between planning and controlling	▯ Describe the relationship between planning and controlling
Steps in process of control	▯ Discuss the steps in the process of controlling.

Part B: Business Finance and Marketing

Unit 9: Financial Management

Concept, role and objectives of Financial Management	▯ Understand the concept of financial management. ▯ Explain the role of financial management in an organisation. ▯ Discuss the objectives of financial management
Financial decisions: investment, financing and dividend- Meaning and factors affecting	▯ Discuss the three financial decisions and the factors affecting them.
Financial Planning - concept and importance	▯ Describe the concept of financial planning and its objectives. ▯ Explain the importance of financial planning.
Capital Structure – concept and factors affecting capital structure	▯ Understand the concept of capital structure.

	▯ Describe the factors determining the choice of an appropriate capital structure of a company.
Fixed and Working Capital - Concept and factors affecting their requirements	▯ Understand the concept of fixed and working capital. ▯ Describe the factors determining the requirements of fixed and working capital.

Unit 10: Financial Markets

Financial Markets: Concept, Functions and types	▯ Understand the concept of financial market. ▯ Explain the functions of financial market. ▯ Understand capital market and money market as types of financial markets.
Money market and its instruments	▯ Understand the concept of money
	market. ▯ Describe the various money market instruments.
Capital market and its types (primary and secondary), methods of floatation in the primary market	▯ Discuss the concept of capital market. ▯ Explain primary and secondary markets as types of capital market. ▯ Differentiate between capital market and money market. ▯ Discuss the methods of floating new issues in the primary market. ▯ Distinguish between primary and secondary markets.
Stock Exchange - Functions and trading procedure	▯ Give the meaning of a stock exchange. ▯ Explain the functions of a stock exchange. ▯ Discuss the trading procedure in a stock exchange.

	Give the meaning of depository services and demat account as used in the trading procedure of securities.
Securities and Exchange Board of India (SEBI) - objectives and functions	State the objectives of SEBI. Explain the functions of SEBI.

Unit 11: Marketing

Marketing – Concept, functions and philosophies	Understand the concept of marketing. Explain the features of marketing. Discuss the functions of marketing. Explain the marketing philosophies.
Marketing Mix – Concept and elements	Understand the concept of marketing mix. Describe the elements of marketing mix.
Product - branding, labelling and packaging – Concept	Understand the concept of product as an element of marketing mix. Understand the concept of branding, labelling and packaging.
Price - Concept, Factors determining price	Understand the concept of price as an element of marketing mix. Describe the factors determining price of a product.
Physical Distribution – concept, components and channels of distribution	Understand the concept of physical distribution. Explain the components of physical distribution.
	Describe the various channels of distribution.
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	Understand the concept of promotion as an element of marketing mix. Describe the elements of promotion mix. Understand the concept of advertising.

	▯ Understand the concept of sales promotion. ▯ Discuss the concept of public relations.

Unit 12: Consumer Protection

Concept and importance of consumer protection	▯ Understand the concept of consumer protection. ▯ Describe the importance of consumer protection. ▯ Discuss the scope of Consumer Protection Act, 1986
Consumer Protection Act 1986: Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available	▯ Understand the concept of a consumer according to the Consumer protection Act 1986. ▯ Explain the consumer rights ▯ Understand the responsibilities of consumers ▯ Understand who can file a complaint and against whom? ▯ Discuss the legal redressal machinery under Consumer protection Act 1986. ▯ Examine the remedies available to the consumer under Consumer protection Act 1986.
Consumer awareness - Role of consumer organizations and Non-Governmental Organizations (NGOs)	▯ Describe the role of consumer organizations and NGOs in protecting consumers' interests.

Unit 13: Project Work **PROJECT WORK IN BUSINESS STUDIES FOR CLASS XI AND XII**

Introduction

The course in Business Studies is introduced at Senior School level to provide students with a sound understanding of the principles and practices bearing in business (trade and industry) as well as their relationship with the society. Business is a dynamic process that brings together technology, natural resources and human initiative in a constantly changing global environment. With the purpose to help them understand the framework within which a business operates, and its interaction with the social, economic,

technological and legal environment, the CBSE has introduced Project Work in the Business Studies Syllabus for Classes XI and XII. The projects have been designed to allow students to appreciate that business is an integral component of society and help them develop an understanding of the social and ethical issues concerning them.

The project work also aims to empower the teacher to relate all the concepts with what is happening around the world and the student's surroundings, making them appear more clear and contextual. This will enable the student to enjoy studies and use his free time effectively in observing what's happening around.

By means of Project Work the students are exposed to life beyond textbooks giving them opportunities to refer materials, gather information, analyze it further to obtain relevant information and decide what matter to keep.

Objectives

After doing the Project Work in Business Studies, the students will be able to do the following:

- develop a practical approach by using modern technologies in the field of business and management;
- get an opportunity for exposure to the operational environment in the field of business management and related services;
- inculcate important skills of team work, problem solving, time management, information collection, processing, analysing and synthesizing relevant information to derive meaningful conclusions
- get involved in the process of research work; demonstrate his or her capabilities while working independently and
- make studies an enjoyable experience to cherish.

I. Principles of Management

The students are required to visit any one of the following:

1. A departmental store.
2. An Industrial unit.
3. A fast food outlet.
4. Any other organisation approved by the teacher.

They are required to observe the application of the general Principles of management advocated by Fayol.

Fayol's principles

1. Division of work.
2. Unity of command.
3. Unity of direction.
4. Scalar chain
5. Espirit de corps 6. Fair remuneration to all.

7. Order.
8. Equity.
9. Discipline
10. Subordination of individual interest to general interest.
11. Initiative.
12. Centralisation and decentralisation.
13. Stability of tenure.

OR

They may enquire into the application of scientific management techniques by F.W. Taylor in the unit visited.

Scientific techniques of management.

1. Functional foremanship.
2. Standardisation and simplification of work.
3. Method study.
4. Motion Study.
5. Time Study.
6. Fatigue Study
7. Differential piece rate plan.

Tips to teacher

(i) The teacher may organize this visit.
(ii) The teacher should facilitate the students to identify any unit of their choice and guide them to identify the principles that are being followed.
(iii) Similarly they should guide the students to identify the techniques of scientific management implemented in the organisation.
(iv) It may be done as a group activity.
(v) The observations could be on the basis of

The different stages of division of work resulting to specialisation.
Following instructions and accountability of subordinates to higher authorities.
Visibility of order and equity in the unit.
Balance of authority and responsibility.
Communication levels and pattern in the organisation.
Methods and techniques followed by the organisation for unity of direction and coordination amongst all.
Methods of wage payments followed.The arrangements of fatigue study.
Derivation of time study.
Derivation and advantages of method study.
Organisational chart of functional foremanship.
Any other identified in the organisation vi. It is advised that students should be motivated to pick up different areas of visit. As presentations of different areas in the class would help in better understanding to the other students.

vii. The students may be encouraged to develop worksheets. Teachers should help students to prepare observation tools to be used for undertaking the project. Examples; worksheets, questionnaire, interviews and organisational chart etc.

II Project Four: Marketing

1. Adhesives
2. Air conditioners
3. Baby diapers
4. Bathing Soap
5. Bathroom cleaner
6. Bike
7. Blanket
8. Body Spray
9. Bread
10. Breakfast cereal
11. Butter
12. Camera
13. Car
14. Cheese spreads
15. Chocolate
16. Coffee
17. Cosmetology product
18. Crayons
19. Crockery
20. Cutlery
21. Cycle
22. DTH
23. Eraser
24. e-wash
25. Fairness cream
26. Fans
27. Fruit candy
28. Furniture
29. Hair Dye
30. Hair Oil
31. Infant dress
32. Inverter
33. Jams
34. Jeans
35. Jewellery
36. Kurti
37. Ladies bag
38. Ladies footwear
39. Learning Toys
40. Lipstick
41. Microwave oven
42. Mixers
43. Mobile
44. Moisturizer
45. Music player
46. Nail polish
47. Newspaper
48. Noodles
49. Pen
50. Pen drive
51. Pencil
52. Pickles
53. Razor
54. Ready Soups
55. Refrigerator
56. RO system
57. Roasted snacks
58. Salt
59. Sarees
60. Sauces/ Ketchup
61. Shampoo
62. Shaving cream
63. Shoe polish
64. Shoes
65. Squashes

Any more as suggested by the teacher.

66. Suitcase/ airbag
67. Sunglasses
68. Tea

69. Tiffin Wallah
70. Toothpaste
71. Wallet
72. Washing detergent
73. Washing machine
74. Washing powder
75. Water bottle
76. Water storage tank
77. Wipes

Presentation and Submission of Project Report

At the end of the stipulated term, each student will prepare and submit his/her project report.

Following essentials are required to be fulfilled for its preparation and submission.

1. The total length of the project will be of 25 to 30 pages.
2. The project should be handwritten.
3. The project should be presented in a neat folder.
4. The project report should be developed in the following sequence-

   Cover page should include the title of the Project, student information, school and year.

   List of contents.

   Acknowledgements and preface (acknowledging the institution, the places visited and the persons who have helped).

   Introduction.

   Topic with suitable heading.

   Planning and activities done during the project, if any. Observations and findings of the visit.

   Conclusions (summarized suggestions or findings, future scope of study).

   Photographs (if any).

   Appendix

   Teacher's observation.

   Signatures of the teachers.

   At the completion of the evaluation of the project, it should be punched in the centre so that the report may not be reused but is available for reference only.

   The project will be returned after evaluation. The school may keep the best projects.

ASSESSMENT

Allocation of Marks = 20 Marks

The marks will be allocated under the following heads:

1	Initiative, cooperativeness and participation	2 Mark
2	Creativity in presentation	2 Mark
3	Content, observation and research work	4 Marks
4	Analysis of situations	4 Marks
5	Viva	8 Marks
	Total	**20 Marks**

Suggested Question Paper Design
Business Studies (Code No. 054)
Class XII (2019-20)
March 2020 Examination

Marks: 80 **Duration: 3 hrs.**

SN	Typology of Questions	Objective Type/ MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer I 5 Marks	Long Answer II 6 Marks	Marks
1	**Remembering**: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers.	5	1	1	1	1	23
2	**Understanding**: Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	5	2	1	-	1	21
3	**Applying**: Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way.	5	1	-	1	1	19
4	**Analysing and Evaluating:** Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. **Creating**: Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	5	1	1	1	-	17
	Total	**20x1=20**	**5x3=15**	**3x4=12**	**3x5=15**	**3x6=18**	**80 (34)**

There will be **Internal Choice** in questions of 3 marks (1 choice), 4 marks (1 choice), 5 marks (2 choices) and 6 marks (2 choices)**.** In all, total 6 internal choices.

Part A

Principles and Functions of Management

Part A: Principles and functions of Management

Nature and Significance of Management

Synopsis

1. **Meaning of Management**;-Management may be defined as creating the internal environment of an enterprise where individuals working together in groups can perform efficiently and effectively towards the attainment of group goals.

2. **Features of Management**- :-
    - It has a distinct entity
    - It is an intangible force
    - It is a goal oriented process
    - It is pervasive
    - It is multidimensional
    - It is a continuous process
    - It is a group activity
    - It is dynamic in nature
    - Purposeful activity
    - Integrates human efforts

3. **Objectives of management**:-
    - Organisational objectives
    - Social objectives
    - Personal or individual objectives

4. **Importance of Management**:-
    - It helps in achieving group goals
    - Optimum utilization of resources
    - Reduces cost
    - Establishes a sound organization
    - Maintains equilibrium
    - It increases efficiency
    - Helps in achieving personal objectives

- Helps in development of society

5. **Management as a Science**: Management has all the characteristics of science. These are as follows:-
   i) Systematized body of knowledge
   ii) Principles based on experimentation
   iii) Universal validity
   iv) Use of scientific methods of observation

   Therefore, management can be called a science but it cannot be classified as a science like physics and chemistry. It will be more appropriate to describe it as an applied science or inexact science or soft science.

6. **Management as an Art**: Management involves application of knowledge and skills to achieve predetermined objectives. Management as an art has following features:-
   i) Situational
   ii) Personal skill
   iii) Personal judgement
   iv) Continuous practice
   v) Practical Knowledge
   vi) Creativity

7. **Is management a profession-?** Management satisfies some of the conditions for being a profession but the other characteristics have still not developed adequately in India, the development of management as a profession is still at its infancy and is moving ahead gradually. Its recognition as a profession will increase in accordance with the pace of its development.

8. **Levels of management:-**
   i) Top level management: It includes board of directors and chief executive officer.
   ii) Middle level management: it includes departmental manage, deputy departmental manager and operations or functional managers.
   iii) Lower level management: It includes supervisors and foremen.

9. **Functions at different levels:**

a) Top level management :
- To fix objectives
- To frame policies
- To determine activities
- To arrange for resources
- Controlling the work performances.
- Approving budgets.

b) Middle level management :
- Interpreting policies
- Preparing organizational set-up.
- Appointing employees
- Issuing instructions
- Motivating employees
- Creating cooperation

c) Lower level management :
- Submitting worker's grievances
- Ensuring proper working environment
- Ensuring safety of workers
- Helping middle level management
- Inviting suggestions
- Creating better human relations

10. **Non-managerial level**: in this level of management, workers are included as workers are not managers they are not the part of any managerial levels.

11. **Functions of management :**
- Planning:It refers to thinking before hand

- Organising: It refers to harmonious adjustment of various parts to achieve common objectives.
- Staffing: It refers to filling and keeping filled the posts with people.
- Directing:It refers to instructing, guiding, communicating and inspiring people in the organization.
- Controlling: It refers to bringing the actual results closer to the desired results.

13. **Meaning of Coordination**:-It refers to the task of integrating the activities of separate units of an organization to accomplish the organizational goals efficiently.

14. **Nature of Coordination**:-
    - It integrates group efforts
    - It ensures unity of action
    - It is continuous process
    - It is a pervasive function
    - It is a deliberate function

15. **Coordination is the essence of management**:-As per modern management experts, coordination is not a separate function of management, but is the essence of management.

16. **Coordination is needed at all levels of Management**:-The work at every level of management is performed by group of people that is why, coordination is required at every level to complete the work successfully.

17. **Importance of Coordination**:-
    - Size of the organization
    - Functional differentiation
    - Specialisation

Assignment Questions

1 Mark

1. 'I-phone India Ltd.' is a manufacturer of advanced category of mobile phones. The company trained its engineers from Japan.

It markets its mobile phones domestically as well as internationally. The company had a substantial market share and had a loyal customer following because of quality of its i-phone. From the last financial year the company had been unable to achieve its targets because of competition in themarket. The company is planning to revamp its controlling system,
Identify the concepts of management involved in the above para

2. “Management is a group activity.” Why?
3. “Management is intangible.” Comment.
4. Miss Amita is associated with Fortune Ltd. She told you that her workers have good relations with her, at what level of management is she?
5. Successful organisations do not achieve their goals by chance but by following a process. Name the process.
6. To meet the objectives of the firm, the management of Zen Ltd offers employment to physically challenged persons. Identify the objective that Zen Ltd is trying to achieve.
7. Name the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims.
8. Is management concerned only with doing the right task , completing activities and achieving goals without taking into considerations the cost benefit? Give reason in support of your answer.
9. Why does management insist on efficiency and effectiveness?
10. McDonald’s, the fast food chain, made major changes in its menu to be able to survive in the Indian market. Which aspect of management is highlighted through this statement?
11. ‘Survival, profit and growth are essential targets of any businesses. Which objective of management is referred here?
12. Management has its own theory and principles, vocabulary of terms and concepts. Which feature of science is justified by management here?
13. A petrol pump needs to be managed as much as a hospital. Which aspect of management is highlighted through this statement?
14. A manager gets the work done from the workers in his own way through appreciation and motivation. Indicate the nature of management in this approach.
15. Certain persons who had done their MBA established “Alpha Limited” . With the aim of earning justifiable profit and doing service to the society in order to run their business successfully they took the help of several People. The people working in the company were doing different activities.Their activities were different, but their aim was

the same. Here the need was to continue putting in such efforts as may not let the people lose their aim. Therefore, the arrangement made in the company was such that the efforts of all the people may lead them towards the same path. Identify the feature of management described in the paragraph given above.

16. "An organisation is a collection of diverse individuals with different needs" Which feature of management is highlighted in the statement.

3/4 Marks

1. Is management a profession? Justify your answer.
2. What are the three levels of management? State any three functions of top level management.
3. Explain briefly the objectives of management?
4. A.R. Rehman is the first Indian to win Oscar award for his composition `Jai Ho'. His composition of music is unique and different as he has used the singing notes in a manner that is entirely his own interpretation. Like A.R. Rehman,`Nandan' General Manager in Sea Ltd, uses his knowledge of management in a unique and different manner and all the employees working under his guidance are happy and satisfied. He rewards the employees who come to office on time.

   a) Identify the nature of management highlighted above.

   b) State two other ways in which nature of management can be explained.

   c) Identify the values that Nandan wants to inculcate in his employees
5. Rohit is working as 'Regional Manager' in Abc Ltd. Name the level at which he is working. State any three functions he will perform as 'Regional manager' in this company.
6. Explain in brief the importance of management.
7. Amar Ltd.is engaged in production of electrical goods The company's profits and market share are declining. The production department blames the marketing department for not meeting the sales targets and the marketing department blames the production department for producing goods which are not of good quality and do not meet the customer's expectations.

The finance department blames both the production and marketing departments for declining return on investment.

Explain the quality of management which the company is lacking?

8. Define coordination. Why it is needed at all levels of management.
9. “Coordination is the essence of management”. Comment.
10. “Management is both science as well as an art. Comment.
11. Suppose, a company’s target production is 5000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5000 units but at a higher production cost. According to you what is lacking in management? Explain it.
12. State any three functions of Lower level management.
13. Explain briefly features of Management.
14. Explain briefly nature of coordination.
15. The authority and responsibility of managers at supervisory or operational level is limited, but the importance of functions of personnel employed at this level cannot be overlooked.” Comment.
16. The Marketing Manager of “ Surya Bulb Ltd”, fixed the target for all his Sales Executives and gave them all the possible authorities to achieve it. They were asked to submit to him their performance report at the end of the month. All of them did the same. On the receipt of report, the expected and actual results of the Sales Executives were compared. On the basis planning for future was done. The Sales Executives also wrote in their report what the expectations of the customers from the company were. Majority of them had written that they (customers) wanted the company to cooperate in the construction of the Dharamshala going on in the city at that time. The Marketing Manager placed this demand of the customers before the Board of Directors. This was happily accepted.

    a) Identify the two functions of management described above by quoting the relevant lines.

    b) Which two values are being given to the society

17. Tushar Agarwal is working as the Managing Director in “Agarwal Infotech Limited”.He has got a long experience of management and understands every complexity. This reserve of knowledge he has obtained through continuous practice.He faces managerial problems with firmness and tries to learn something from it. There are four departments in all in Mr Agarwal’s company, Marketing, Finance, Personnel, and Production department. The Marketing department has set high objectives of sales numbers, and they work very hard to achieve the objectives. On the other hand, the Production Department

manager has started the repair work in the factory at a large scale. As a result, they are unable to supply the sales order. It was beyond everybody's understanding that how the two departments working under an experienced Mr Agarwal made such a big mistake

a) To which concept of management is related (to the mistake) made at the departmental level.

b) Identify the characteristics of art available in management by quoting the relevant lines

Principles of Management

Synopsis

1. **Meaning of Principle of Management**: Management Principles are statements of fundamental truth which provides guidelines for managerial decision making and action.

2. **How are Principles of Management derived?**
   - On the basis of observation
   - On the basis of experimental studies

3. **Nature of Principles of Management**
   a) Universal applicability
   b) General guidelines
   c) Formed by practice and experimentation
   d) Flexibility
   e) Influencing Human Behaviour
   f) Cause and Effect Relationship
   g) Equal Importance
   h) Contingent

4. **Significance of Principles of Management** :
   i) Provides useful insights to managers
   ii) Optimum utilization of resources and effective administration
   iii) Scientific decisions.
   iv) Meeting changing environmental requirement
   v) Fulfilling social responsibility.
   vi) Management training, education and research.

5. **Fundamental principles of management** : principles advocated by Henry Fayol :
   i) Division of work
   ii) Parity of Authority and responsibility
   iii) Discipline
   iv) Unity of command
   v) Unity of direction

vi) Subordination of individual interest to general interest
vii) Fair Remuneration to employees
viii) Centralization and Decentralization.
ix) Scalar chain
x) Order
xi) Equity
xii) Stability of tenure of personnel
xiii) Initiative
xiv) Esprit de corps.

6. **Meaning of Scientific Management** : To discard the traditional approaches to management and adopt newer and more scientific approaches in their place is called scientific management.

7. **Features of Scientific Management** :
   i) Systematic approach
   ii) Brings complete mental change
   iii) Discards the traditional management.
   iv) Requires strict observance of rules.
   v) Improves the efficiency of workers.
   vi) Gives due weightage to specialistion.
   vii) Useful for large organizations
   viii) Attempts to minimize wastes

8. **Principles of Scientific Management** :
   i) Science ,not rule of thumb
   ii) Harmony, not discord.
   iii) Cooperation ,not individualism
   iv) Maximum, not restricted output
   v) Separation of planning and operational work

9. **Techniques of Scientific Management** :
   - Functional foremanship
   - Standardization of work
   - Simplification of work
   - Method study
   - Motion study

- Time study
- Fatigue study
- Differential piece wage system
- Mental Revolution.

10. **Comparative study of the contribution of Taylor and Fayol**:

A) Similarities :

i) Solution of managerial problems.
ii) Stress on practical aspect.
iii) Stress on good industrial relations.

B) Dissimilarities:

i) Perspective
ii) Unity of command
iii) Applicability
iv) Basis of formation
v) Focus
vi) Personality
vii) Expression

Assignment Questions

1 Mark

1. 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, Prakash, 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.
State the principle of management described in the above para

2. They provide managers with useful insights into reality and help in optimum utilisation of resources and effective administration. Name them.

3. The principles of management do not provide readymade, straightjacket solutions to all managerial problems'. Which nature

of principles of management is highlighted here?

4. Pramod, the manager of MN Ltd relied on personal judgement in attending to the problems they confronted in the course of managing their units. Which principle is the statement referring to?

5. A manager should replace 'I' with 'We' in all his conversation with workers to foster team spirit. Identify the principle of management.

6. Taking the first step with self-motivation is one of the traits of an intelligent person. Which principle does it indicate?

7. This principle of Taylor is an extension of principle of ‘Harmony not discord’. Name it.

8. The applications of managerial principles are dependent upon the prevailing situation at a particular point of time’. What nature of management principles is highlighted here?

9. If the principle of unity of command is not followed, what are the consequences? State any one.

10. State the meaning of mental revolution.

11. Which principle of scientific management states that workers in an organization should work together to achieve organizational objectives?

12. "The principles of management are different from those used in pure science." State one difference.

13. Which technique seeks to determine the amount and frequency of rest intervals in completing a task?

14. Rohit, a manager, expects his colleagues to get work out of his subordinates without giving them any powers. Which principle of management is being overlooked?

15. Pramod, the manager of MN Ltd relied on personal judgement in attending to the problems they confronted in the course of managing their units. Which principle is the statement referring to? Explain it

3/4 Marks

1) Distinguish between ‘time study’ and ‘motion study’.
2) Taylor’s techniques of management are universally applicable. Do you agree? Give any two reasons in support of your answer.
3) Bhavans believes in holistic development of students & encourages team building through a mix of co-curricular and sports activities. On its founders day a stage performance had to put.A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members supported each other with mutual trust and belongingness the programme was systematically planned and executed .Pandey , one of the perfects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply the same principle in his business.his father replied that he was already using this principle.
   a) Identify the principle of management applied for the success of the programme.
   b) State any three features of principles of management highlighted in the above para

4) Distinguish between Taylor and Fayol’s principles of management.
5) What do you understand by “Principles of Management”? Explain any three characteristics which clarify the nature of management principles.
6) Briefly explain the techniques of Scientific Management.
7) Explain functional foremanship as a technique of scientific management. Illustrate with the help of a diagram.
8) Explain the following principles, as suggested by Taylor:
   a. Science, not rule of thumb
   b. Harmony, not discord
9) Pratap works as a head mechanic in M/S Royal Industries. He requires a number of tools while assembling the machine. For getting the tools, Pratap has to move frequently to the tool room, which is situated away from the workplace. Such frequent movements leads to wastage a lot of time and no steps are taken by the factory manager to eliminate such unnecessary movements of Pratap and his co-workers.

(i)Explain which technique of Taylor is overlooked by the factory manager

(ii) Explain two reasons why Management Principles are important

10) Explain briefly following principles of management. Also mention one merit and one demerit of each:-

- Unity of Command
- Scalar Chain
- Unity of Direction
- Stability of tenure of a personnel
- Esprit de Corp

Business Environment

Synopsis

1. **Meaning of Business Environment** : It refers to the sum total of those factors which influence the business and over which the business has no control

2. **Characteristics of Business Environment** :
   i) Totality of external forces
   ii) Specific and general forces
   iii) Inter-relatedness
   iv) Dynamism
   v) Uncertainty
   vi) Complexity
   vii) Relativity

3. **Importance of Business Environment** :
   i) First mover advantage
   ii) Sensitise the management
   iii) Source of intellectual stimulation
   iv) Continuous learning
   v) Warning signal
   vi) Taping useful resources
   vii) Coping with rapid changes
   viii) Basis of strategy
   ix) Image building

4. **Components of Business Environment**:
   A. Internal environment: internal environment includes all those factors which influence business and which are present within the business itself, these factors are usually under the control of the business.

   B. External environment:- includes all those factors which influence business and exist outside the business

The external environment can be divided into two parts:

- Micro environment: micro environment means that environment which includes those factors with which business is closely related.
- Macro environment: macro environment means that environment which includes those factors which have a distant relation with business.

5. **Dimensions of the Business Environment** :
   i) Economic environment
   ii) Political environment
   iii) Social environment
   iv) Legal regulatory environment
   v) Technological environment

6. **Components of Economic Environment** :
   i) Economic system
   ii) Economic policies
   iii) Economic conditions

7. **Economic Environment in India** :
   - New Industrial Policy
   - New Trade Policy
   - Fiscal Reforms
   - Monetary Reforms
   - Capital market reforms
   - Phasing out subsidies and dismantling price controls

   - Economic system of India: India has adopted the mixed economic system.
   - Economic policies of India: in order to direct the economic activities in India many economic policies have been framed such as import–export policy, employment policy, tax policy etc.
   - Economic conditions in India: in major economic conditions of India are included the foreign capital, supply of natural resources etc.

8. **New Economic Policy** : the centre of the economic reforms has been liberalization ,privatization and globalization.
   i) Liberalization: it refers to unshackle the economy from bureaucratic cobweb to make it more competitive.
   ii) Privatization: it refers to such an economic process through which some public sector undertakings are brought either partially or completely under private ownership.
   iii) Globalization: it refers to integrating the economy with the rest of the world.

9. **Impact of changes in government policy on Business and Industry**:
   - Increasing competition
   - More demanding customers
   - Rapidly changing technological environment
   - Necessity for change
   - Need for developing human resource
   - Market orientation
   - Loss of budgetary support to the public sector
   - Destabilisation of protected environment

Assignment Questions

1 Mark

1. Give a practical example from the current scenario to prove that business environment helps the firm to identify threats and early warning signals.
2. Cigarette smoking is injurious to health is the statutory warning given in the product is coming under which type of business environment.
   - Economic
   - Legal
   - Social
   - Political
3. Which environment describes characteristics of the society in which the organisation exists?

4. It is the process the by which government control over the industry is being loosened Name it.
5. Demand for sarees may be high in India but it is almost nil in France. Which element of Business Environment is highlighted here?
6. Which process aims at giving greater role to the private sector in the nation building process and a reduced role to the public sector?
7. An American shoe company launched a new range of footwear with imprints of Indian Gods. The company had expected that it would impress the Indians living in America. However,the Indian community was in a big shock and expressed its anger .As result the company had to withdraw the entire stock from the market. Which aspect of business environment is highlighted here?
8. Which feature of business environment is indicated when it is stated that business environment is a phenomenon that is relatively easier to understand in parts but difficult to grasp in totality?
9. Customers have become more demanding due to changes in government policy. Why?
10. Mention some service industries where competition for Indian firms has increased due to government policy changes.
11. Mrs Tina Das is the Divisional Manager of the Export Division of "Swad Tea Limited" .For some time since past a restriction has been Imposed on export. It is evident that the company's export business depends on the government's policy. Recently there has been a change of Government in the centre. As soon as the the new government took over,It removed the restricition on the export of tea. With the coming of this news, the division under Mrs Das heaved a sigh of relief.

    The change of government is having its impact on the two Dimensions of business environment. Identify them

3/4 Marks

12. Distinguish between social and economic environment.
13. Explain briefly key components of general environment.
14. Banking sector reforms have led to easier credit terms and better services. This is an example of key component of 'Business Environment'. Name this component and explain it in brief.
15. Give two instances of impact of changes in political environment on companies.
16. Louis started his career in Ford. The government has directed the industry to design & produce fuel efficient vehicles in view of raising level of pollution & ever increasing prices of oil& petroleum products.

The company was paying good remuneration to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. He was very happy in the organization But due to long working hours he did not have time to cook for his meal. He had to depend upon outside food which was deteriorating his health.

He observed that this problem was faced by many of his colleagues , not only in her company but also in many other companies.This was because of increase in the number of working women and non-availability of hygienic home –cooked food .He identifies it as on opportunity and started to supply packaged home cooked food to office goers at a reasonable price.

a. State the dimension of business environment and the principle of management followed by Fayol discussed above

17. With change in the consumption habits of people. Neelesh, who was running, a sweets shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates. Identify and explain the dimensions of business environment discussed in the above case.
18. 'Environment provides with constraints and opportunities'. Discuss with the help of an example.
19. 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.
20. Mr Ahmed Ali's father has a good business of Spare Components. He wants to go to U.S.A for his M.B.A, but his father wants that he should join the business. On the basis of emerging trends, do you think that Mr Ali should send his son to U.S.A? Give any three reasons in support of your answer
21. Equal pay for equal work for male and female workers, and banks reducing interest rates on loans, refers to examples of key component of general environments of business. Name and explain the components

22. Explain the following:-
    - Liberalisation

- Gobalisation
- Privatisation

5/ 6 Marks

23. Enumerate the importance/benefits of understanding business environment.
24. Discuss in brief, the various aspects of New Industrial Policy.
25. Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in e-learning for Senior Secondary School students in Commerce stream, which already has an established market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also.

Identify and quote the lines from above para which highlight the significance of understanding business environment

26. Explain in brief the impact of liberalisation, globalisation and privatisation on the business and industry.
27. Explain any five economic changes initiated by the Government of India since 1991.
28. Explain the impact of changes in Govt. Policy on business and industry.
29. The court passed an order to ban polythene bags as :-

a. These bags are creating many environmental problems which affect the life of people in general.

b. Society in general is more concerned about quality of life.

c) The government decided to give subsidy to jute industry to promote this business.

d) Innovative techniques are being developed to manufacture jute bags at low rates.

e) Income is rising and people can afford to buy these bags.

Identify the different dimensions of business environment by quoting the lines form the above particulars.

Planning

Synopsis

1. **Meaning of Planning**: It refers to deciding in advance what is to be done in future.

2. **Features of Planning** :
   I. Planning focuses on achieving objectives
   II. Planning is primary function of management
   III. Planning is pervasive
   IV. Planning involves choice
   V. Planning is continuous
   VI. Planning is futuristic
   VII. Planning involves decision making
   VIII. Planning is a mental exercise

3. **Importance of Planning**:
   i) Planning provides direction
   ii) Planning reduces risks of uncertainty
   iii) Planning reduces overlapping and wasteful activities
   iv) Planning promotes innovative ideas
   v) Planning facilitates decision making
   vi) Planning establishes standards for controlling

4. **Limitations of Planning :**
   i) Planning creates rigidity
   ii) Planning does not work in a dynamic environment
   iii) Planning reduces creativity
   iv) Planning involves huge cost
   v) Planning is a time consuming process
   vi) Planning does not guarantee success

5. **Planning process:**
   i) Setting objectives
   ii) Establishing the planning premises
   iii) Identifying alternative courses of action.

iv) Evaluating alternative courses.
v) Selecting an alternative.
vi) Formulation of derivative plans
vii) Implementing the plan / Securing Cooperation
viii) Follow up action.

6. Types of Plans:

i) Objectives: It refers to that end point for the attainment of which all the activities are undertaken.

ii) Strategy: It refers to a plan which takes into account the environmental opportunities and threats and the organizational strengths and weakness and provides an optimal match between the organization and the environment.

iii) Policy: It refers to that general statement which is decided for the guidance of the employees while taking decision.

iv) Procedure: It refers to that plan which determines the sequence of any work performance.

v) Method: It refers to that plan which determines how different activity of the procedure will be completed.

vi) Rule: It tells us what is to be done and what is not to be done in a particular situation.

vii) Budget: It refers to the quantitative expression of the plan of action.

viii) Programmme: It refers to a plan that curves a relatively large organizational activities an specifies main steps, their order and timing and the department responsible for each step.

BASIS	SINGLE USE PLANS	STANDING PLANS
1. Meaning	A single-use plan in a business refers to plans developed for a one-time project or event that has one specific	A standing plan in a business refers to plans developed for using over and over again because they focus on organizational
2. Objective	Single use plan is developed to carry out a course of action that is not likely to be repeated in future time.	Standing plan however is developed for activities that occur regularly over a period of time.
3. Scope	Single use plans generally encompass a narrow scope targeting a specific project or	Standing plans generally encompass a wider scope involving more than one department or business
4. Stability	Single use plans are discarded when the situation, project or	Standing plans are relatively stable and used over and over again with
5. Example	Budget for Annual General Meeting of shareholders.	Recruitment and selection procedure for a particular post in the company.

Assignment Questions

1 Mark

1. Planning ensure clarity in thoughts and actions, work is carried on smoothly without interruptions. Which importance of planning is mentioned here?
2. Super Fine Rice Ltd. has the largest share of 55% in the market. The company‟s policy is to sell only for cash. In 2015, for the first time company‟s number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on it‟s previously tried and tested successful plans which didn‟t work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in it sales. Identify these limitations.
3. A company wants to increase sales, the alternatives may be
   reducing prices, changing packaging, improving packaging etc.
   Which step of Planning process relates with the above example
4. Define the following:
   - Objective
   - Strategy
   - Policy
   - Procedure
   - Rule
   - Method
   - Programme
   - Budget
5. Each course will have many variables which have to be weighed against each other. Mention the step in planning which ensures this.
6. Name the type of plan which provides a basis for interpreting the strategy.
7. It is not always true that just because a plan has worked before, it will work again. Which demerit of planning is highlighted here?
8. Planning seeks to bridge the gap between two things. Mention them.
9. "Planning is a mental exercise". Comment.
10. "Planning reduces creativity". Comment.
11. Name the type of plan called to be a entire gamut of organisational activities.
12. A company has planned its sales for the year 2010, what type of plan is it?
13. X Ltd. decides to sell television sets through exchange of old television sets. What type of plan it is ?

- Policy
- Procedure
- Strategy
- Rule

14. What is meant by ‘Pervasiveness of planning’?
15. Name the type of plan which serves as a guide for overall business planning and define the future state of affairs which the organization strives to realise.
16. Define ‘Rule’.
17. Planning is a ‘mental exercise’. Comment.
18. “A meeting of the managers of all the Managerial Levels of “Paul Ltd” was held. The CEO of the company performed the role of the chairperson of the meeting. In the meeting there was a discussion on the issue of what percentage of return in the following year should the company expect on its investment made. All the Managers present in the meeting gave their respective suggestions supported by reasons. At the end, it was resolved that the company would like to get 22% return on their investment. Identify the type of plan that was discussed in the meeting of the company
19. My sister bought a mixie from an authorised dealer of a company.While using it she realised that mixie has a defect.She went to return it to the dealer next morning. At the shop it was written “no products will be returned before 12 noon” Identify the type of plan in the above case.

3/ 4 Marks

20. Explain briefly the meaning of ‘planning premises’ with the help of a suitable example.
21. “Though planning is an important tool of management, yet it is not a Remedy for all types of problems.” Do you agree with this statement? Give any four reasons for your answer.

22. Planning provides the basis of all other functions.” Explain
23. ‘Planning involves choice’. Explain briefly.
24. Ravi was working in a mobile company.It had an assembling unit in Patna.In this assemblingunit, standard output of producing 12 units per day per worker had been set. While assembling mobile phones, he realized that by simply reorganizing the sequence of task more units can

be assembled at a lower cost He went to his supervisor and informed him about his new discovery .The supervisor , on the contrary , instructed him to carry out the work as per the methods and techniques decided earlier. Identify and explain the limitation of one of the functions of the management.

25. Planning is a continuous process'. Comment
26. Why planning is an important function of management?
27. Hyundai started offering a discount of Rs 30,000 on purchase of Verna. In response to this, Honda started with a scheme of free Insurance for 2 years on Honda city. Identify and explain the type of plan indicated in the given statement
28. Distinguish between:
    a. Policies and objectives
    b. Rules and methods
    c. Policies and Procedures
    d. Policy and Strategy

5/6 Marks

1. "Planning and controlling are mutually interrelated and interdependent". Comment.
2. Karishma produces designer garments for women. It has to constantly adapt itself to changes in the environment because of which it has to frequently change its plan. Recently the company appointed Mr.Balu ,who noted that changes in technology, taste and fashion are the main elements of the environment to be anticipted. Identify the merits of plans highlighted n the above statement Explain any four significance of planning.
3. Explain briefly limitation of planning
4. Explain briefly steps of planning.

Organising

Synopsis

1. **Meaning of Organising**: It refers to the process of putting together various activities, resources and people into a system so that people work together for a common purpose.

2. **Characteristics of Organising** :
    - Division of work
    - Co-ordination
    - Plurality of persons
    - Common objectives
    - Organization is a machine of management.
3. **Importance of Organising** :
    i. Benefits of Specialization
    ii. Clarity in working relationship.
    iii. Optimum utilization of resources.
    iv. Adaptation to change.
    v. Effective administration.
    vi. Development of personnel.
    vii. Expansion and growth.

4. **Concepts of Organising** :
- Organistion as a process
- Organisation as a structure of relationship

5. **Organising Process**:
- Identification and division of work
- Grouping jobs and Departmentalization
- Assignment of duties
- Establishing authority relationship
- **<u>SPAN OF Management</u> refers to the number of subordinates that can be ffectivelymanaged by a superior.**
- ***<u>This determines the levels of management in the structure</u>***

6. **Formal Organisation**: It refers to the organization structure which is designed by the management to accomplish a particular task

Main characteristics of Formal Organisation :

i) It has defined inter –relationship
ii) It is based on rules and procedures
iii) It is based on division of work
iv) It is deliberately created.
v) It is impersonal
vi) It is more stable.

Advantages of formal organisation :

i) Easy to fix responsibility
ii) No overlapping of works.
iii) Unity of command possible.
iv) Easy to get goals.
v) Stability in organization.

Limitations of formal organisation:

i) Delay in work
ii) Lack of initiative
iii) Mechanization of relations

7. **Informal Organization** : It refers to the natural groupings of people in the work situation to meet personal needs.

Main characteristics of informal organization :

i) Based on formal organization
ii) It has no written rules and procedures
iii) Independent channels of communication
iv) It is not deliberately created
v) It has no place on organization chart
vi) It is personal
vii) It lacks stability

Advantages of Informal Organisation :

i) Effective communication
ii) Fulfills social needs.
iii) Fulfills organizational objectives.

Limitations of Informal organisation:

i) It creates rumors
ii) It resists change
iii) Pressure of group norms

8. Differentiate between Formal and Informal Organization :

i) Meaning
ii) Origin
iii) Authority
iv) Behavior
v) Flow of communication
vi) Nature
vii) Leadership

9. **Meaning of Organisation Structure** : The organizational structure means to explain the authority relationships among people working therein

10. Types of Organizsation Structure :

i) Functional organization
ii) Divisional organization

11. **Functional Organization Structure**: It refers to the division of the whole enterprise according to the major functions/activities to be performed by it.

Advantages :

i) Benefits of specialization
ii) Coordination is established
iii) Managerial efficiency is increased
iv) Minimal duplication of efforts
v) Training is facilitated
vi) Equal weightage to all functions

Disadvantages :

i) Ignorance of organizational objectives
ii) Difficulty in inter-departmental co-ordination
iii) Conflict of interest
iv) Hurdle in complete development

Suitability: it is useful for single product large-sized enterprises.

12. **Divisional Organisation Structure**: It refers to the division of the whole enterprise according to the major products to be manufactured by it.

Advantages :

i) Development of divisional heads.
ii) Divisional results can be assessed.
iii) Quick decision-making.
iv) Easy expansion.

Disadvantages :

i) Conflicts between divisional heads.
ii) Duplicity of functions.
iii) Selfish attitude.

Suitability:it is useful for multi-products large sized enterprises.

14. **Functional and Divisional Organisation Structure**: A comparative study

i) Formation
ii) Specialization
iii) Responsibility
iv) Managerial development
v) Cost
vi) Coordination
vii) Suitability

30. **Meaning of Delegation of Authority**:-it is the process of entrusting responsibility and authority and creating accountability of the person to whom the work or responsibility has been handed over.

31. Elements of Delegation:-

- Responsibility
- Authority
- Accountability

32.Can Accountability be Delegated?—Only authority can be delegated but not the accountability

33. Process of Delegation:-

- Assigning Responsibility
- Granting Authority
- Fixing accountability

34. Importance of delegation of authority:-

- Effective management
- Employee development
- Motivation of employees
- Facilitation of growth
- Better coordination

35. Decentralisation-It refers to the systematic delegation of authority from top management to lower level managers except such authority which needs to be exercised at the top or higher level.

36. Importance of Decentralisation—

- Reduces work load of top executives
- Improves motivation
- Improves team work
- Executive development
- Quick decision making
- Promotes initiative and creativity

Assignment Questions

1 Mark

1. ‘Grouping similar nature jobs into larger units called departments’ is the second step in the process of one of the function of management. Identify the function.
2. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this,the efforts of all departments are coordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on how is to report to whom. Identify the concept from the above case study
3. It is formed by grouping together the entire work to be done into major functional departments. Name it.
4. It promotes control and coordination within a department because of similarity in the tasks being performed. Which type of organization structure is referred here and in what kind of organization it is suitable?
5. Formal organization has the limitation of ‘Delay in Work’. Comment.
6. The number of subordinates that can be effectively managed by a superior refers to which aspect of management?
7. Grouping of jobs of similar nature and organising these jobs as separate departments create a particular type of organisational structure. Name it
8. Out of functional organization structure and divisional organization structure, which is more costly?
9. An organisation is _____when decision making authority is retained by higher management levels whereas it is _____ when such authority is delegated.
10. Name the functions of management which co-ordinates the physical, financial and human resources and establishes productive relations among them for achievement of specific goals.
11. It merely means granting of authority to subordinates to operate within prescribed limits. Mention the concept referred here.

12. It refers to systematic delegation of authority from top management to the lower level managers. Mention it
13. What is meant by organization structure?

14. Employees can become future managers when-
    a) Delegation of authority takes place
    b) De-centralization of authority takes place
    c) Informal line of authority takes place
    d) None
15. What does the term 'Span of Control' refer to?
16. In ABC Ltd all the decisions are taken by top level management only. Which policy is followed by the company?
17. The number of subordinates that can be effectively managed by a superior (Manager) is the concept to be called as-
    a) Span of Management
    b) Financial Management
    c) Level of Management
    d) None

18. Marketing Manager assigns the responsibility of finalizing a deal with a customer to Sales Manager. Sales manager was given authority to offer
    credit period of only 40 days. The customer, who can give Rs 50 crore profit to the company by his deal, asks for credit period of 60 days. Can Sales Manager be blamed for not finalizing the deal. Which element do you think is violated?

19. Some friends joined together and set up a multi-product company their company makes four different products. Three products of the company have been successfully launched in market. But the company has not succeeded to launch the fourth product in the market. What sort of organisational structure, in your view, might have been adopted by the company

3/4 Marks

1. Explain the meaning and process of Organising.
2. An employee is asked to produce 100 units in one weeks time but he is not allowed to take out raw material from the store at the end of the

week the employee could not complete his target because of insufficient supply of raw materials .can he be blamed? Which principle is associated with this condition? Explain it

3. Hindustan Ltd. is manufacturing computers, soaps and textile . The objective of the company is to maximize its sales. To achieve this , the efforts of all departments are co-ordinated and interlinked and authority –responsibility relationship is established among various job positions. Name the function of mangement discussed above
4. Distinguish between Authority, Responsibility and Accountability?
5. “Authority can be delegated but not responsibility”. Explain.
6. Explain three characteristics of Decentralisation.
7. Ramdas, aged 49 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Kanaputti. Ramdas is considered one of the most committed, capable and hard-working employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various „special‟ projects assigned to Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person Nagarjuna, aged 33, was appointed by Kanaputti. Nagarjun‟s previous three years‟ experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Kanaputti noticed the tension developing between the two employees. However, he didn‟t want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjun. Kanaputti issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity.

   1. Identify and state the step of organizing process which has not been carried out properly and contributed to this problem.
   2. State the two steps of the organizing process which have been taken by Kanaputti to respond to the complaint of Ramdas.
   3. Also state two points of importance of organizing as reflected in the above case.
8. What is Formal Organization? State any two advantages.
9. Bhuvan & Co. are running a shoe manufacturing company successfully. So they planned to expand their business activities by

adding more line of products i.e., leather bags, belts and garments. Which type of structure would you recommend after expansion and why?

10. In which kind of organization functional structure is more suitable and why?
11. In which kind of organization divisional structure is more suitable and why?
12. What do you mean by delegation of Authority? State its elements.
13. What is Informal Organization? State two advantages and two disadvantages.
14. Hindustan Ltd. is manufacturing computers, soaps and textile . Which type of organizational structure would suit the requirement of such organization? State any three advantages of this organization structure?
15. Samir Gupta started a telecommunication company, 'Donira Ltd.'

    to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all decisions for the subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.
    (a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.
    (b)Also explain any two points of importance of this concept

5 /6 marks

16. Distinguish between Functional Structure and Divisional Structure
17. Salman started a company Fantasy toys Ltd to manufacture economical toys for the Indian rural market with 20 employees. The company did very well in its initial years. As the products were good and marketed well, the demand of its products went up. To increase the production the company decided to recruit additional employees. Hari who was earlier taking all decisions for the company had to selectively disperse the authority. He believed that subordinates are competent , capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the

company was not able to increase its production but also expanded its product range with different features.

a. Identify the concept used by Hari through which he was able to steer his company to greater heights

b. Also explain any three points of the importance of this concept.

18. Distinguish between Formal and Informal organisation.
19. What is meant by decentralization of authority? How is it different from delegation of authority?
20. The manager of M/s Status industries is overburdened with routine work and is unable to concentrate on issues of the company. To overcome this problem, he entrusted some of his responsibility and authority to his immediate subordinate to share some of his routine work.

    1)Which concept/process is used by the manager?

    2)Explain the concept.

21. Explain the importance of decentralization.
22. "Madan Gopal Foods Limited" is a famous company making different floor materials. Mr Rai is the Managing Director of the company. He is fully attached to the employees of his company. This is the very reason that before taking every decision he consults all the concerned employees. A suggestion Box has been provided in the company. It is opened once a week. The employees giving positive suggestions are rewarded. Besides, all the employees of the company also enjoy full freedom to communicate with any senior officer any time,concerning matters of both types related to their jobs or their personal lives.

    a) Identify the form of organization described in the paragraph

    b) Write down two advantages and one limitation of point a

23. Aman, avneesh and amrish have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform. a. Purchase of raw material b. Purchase of machinery c. Arrangement of finance d. Production of toys e. Sales of toys f. identifying the areas where they can sell their toys. g. Selection of employees

    In order to facilitate the work they thought that four managers should be appointed to look after. a. Production b. Finance c. Personnel

- Identify the function of management involved in the above mentioned para.
- Quote lines from the above Para which help you in identifying this function.
- State the steps followed in the process of management.

24. Explain the importance of organising as a function of management.
25. Sushma Ltd. is engaged in the production of marble articles. The members of the organisation have friendly relationships among them. What type of organisation is Sushma Ltd.? Explain any three benefits of developing such an organisation.
26. Saransh started a company 'Tiny Tots Ltd'. to manufacture economical toys for the Indian rural market with 20 employees. The company did well in its initial years. As the products were good and marketed well, the demand of the products went up. To increase the production of the company he decided to recruit additional employees. Saransh who was earlier taking all decisions for the company had to selectively disperse the authority. He believed that the subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.
    a) Identify the concept used by Saransh through which he was able to steer his company to greater heights
    b) Also explain any five points of the importance of this concept.

26. Bhuvan & Co. are running a shoe manufacturing company successfully. So they planned to expand their business activities by adding more line of product ie. leather bags, belts and garments. Which type of structure are they present in and what would you recommend after expansion and why.

Staffing

Synopsis

1. **Meaning of staffing**: It is the managerial function of hiring and developing the required personnel to fill in various positions in the organization.

2. **Characteristics of Staffing :**
   i) Related to human beings
   ii) A separate managerial function
   iii) Essential at all managerial levels
   iv) Related to social responsibility
   v) Effect of internal and external environment

3. **Importance of Staffing :**
   i) Helpful in discovering and obtaining competent personnel
   ii) Helpful in better performance
   iii) Helpful in continuous survival and growth of the enterprise
   iv) Helpful in optimum utilization of the human resource
   v) Helpful in improving job satisfaction and morale of employees

4. **Human Resource Management-**is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.

5. **Objectives of HRM-**
   - To procure right type of personnel for the right jobs
   - To train and develop human resources
   - To establish desirable working relationships between employers and employees and between group of employees.
   - To mould effectively the human resources and motivate them for higher performance.

6. **Staffing as a part of Human Resource Management :**
   i) Recruitment etc.
   ii) Providing expert services

iii) Developing compensation and incentive plans
iv) Handling grievances and complaints.
v) Providing or social security and welfare of employees.
vi) Defending the company in law suits.
vii) Keeping personnel records.
viii) Developing the organizational structure.

7. **Staffing process** :
   i) Estimating the manpower requirements.
   ii) Recruitment.
   iii) Internal sources.
   iv) External sources.
   v) Selection.
   vi) Placement and orientation.
   vii) Training and development.

8. **Components of staffing :**
   i) Recruitment
   ii) Selection
   iii) Training

9. **Meaning of Recruitment**: it refers to the process of searching for prospective employees and stimulating them to apply for job in the organization.

10. **Process of Recruitment of employees :**
    A) Internal sources :
    i) Transfer
    ii) Promotion
    iii) Lay –off
    B) External sources :
    i) Direct recruitment
    ii) Casual callers
    iii) Media advertisement
    iv) Employment exchanges
    v) Placement agencies
    vi) Management consultants or head hunters

vii) Campus recruitment
viii) Recommendations
ix) Labour contractors
x) Telecasting
xi) Web publishing

11. Merits and limitations of Internal sources :

Merits:

i) Increase in motivation
ii) Industrial peace.
iii) Easy selection.
iv) Economical source.
v) No need of induction.
vi) Adjustment of surplus employees.

Demerits:

i) Stops the entry of young blood.
ii) Employees become lethargic.
iii) Not available in new organizations.
iv) Sense of competition among employees hampered.
v) Frequent transfers hit productivity negatively

12. Merits and limitations of external sources

Merits:

i) Qualified personnel.
ii) Wider choice.
iii) Fresh talent.
iv) Competitive spirit
v) Less chances of favoritism.

Demerits:

i) Dissatisfaction among existing staff.
ii) Lengthy process.
iii) Costly process.
iv) Chances of wrong selection.
v) Increase in labour turnover.

13. **Selection-**It refers to the process by which qualified applicants are selected by means of various tests in pre-determined number, out of large number of applicants.

14. **Selection Proces:-**

- Preliminary screening
- Preliminary Interview
- Filling in of blank application forms
- Selection tests
- Employment interview
- Reference checks
- Selection decision
- Medical examination
- Job offer
- Contract of employment

15. **Selection Tests:**

- Proficiency tests
- Psychological tests
- Other tests

16. **Meaning of Training**: a process designed to maintain and improve current job performance is called training.

17. **Characteristics of Training :**

i) Expense on training is investment and not the wastage.
ii) It relates to a special job.
iii) It is beneficial to both the organization and the employees.
iv) Training is a continuous process.
v) There is a difference between training and development.
vi) There is a difference between training and education.
vii) It is essential for both the new and the old employees.
viii) Training is necessary for all the managerial levels.

18. **Need of Training** : benefits of the training are the following :

A) **Benefits to the organisiation**- :

i) Most economical and the best use of material and equipments.
ii) Improvement in quality and quantity of output.
iii) Less requirement of supervision.
iv) Standardisation of procedure
v) Preparation of prospective managers
vi) Reduced labour turnover and absenteeism.
vii) Improvement in adaptability.

B) **Benefits to employees**

i) Acquisition of new skills
ii) Higher earnings
iii) Safety
iv) Self confidence
v) Promotion
vi) Adaptability

19. Methods of Training :

A) On the Job Training

i) Apprenticeship programmes
ii) Coaching
iii) Internship training
iv) Job rotation.

B) Off the Job Training

i) Classroom lectures/conferences
ii) Films
iii) Case study method
iv) Computer modeling
v) Programmed instruction.

20. **Meaning of Employee Development**: a process designed to develop skills necessary for future work activities is called development.

21. Features of Employee Development :

i) Related to managers
ii) More focused on future.
iii) Emphasis on all round development etc.

22. Need of Employee Development

i) To make the managers able to handle more responsibilities.
ii) To prepare ways of promotion for the managers etc.

23. Difference between Training and Development :

i) Meaning
ii) Purpose.
iii) Job or career
iv) Scope
v) Nature.

Assignment Questions

1 Mark

1. In which type of training, employees learn their jobs on the equipment they will be using, but training is conducted away from actual work floor?

2. It is described as the managerial function of filling and keeping the filled positions in the organization structure. Which function of management is referred here?
3. It is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization. Give the name of the concept mentioned here.
4. Which is the first step in staffing process?
5. Name two websites which are commonly visited by the prospective employees and the organization searching for suitable jobs
6. Which type of personnel is recruited by management consultancy firms?
7. What is an interview?
8. Which type of training is a joint programme of training in which educational institutions and business firms cooperate?
9. Name the source of internal recruitment in which horizontal movement of employees takes place.

10. Name the element of staffing which estimates how many people (quantity) and what kinds of people are required in an organization.
11. Which two processes reveal whether an organization is understaffed, overstaffed or optimally staffed?
12. Name the type of training in which actual work environment is being created with same material, equipment, used to handle sophisticated machinery.
13. Name the external source of recruitment with provides a required number of unskilled workers at short notice.
14. Attestation form is a valid record for future reference relates to which step to the selection procedure for employees?
15. Which element of staffing helps an organization to strengthen the competencies and better the performance of employees?
16. It is the custom a company to avoid to say "No " to any person who approaches it for a job. Rather it gets his application and tells him that as and when company requires his services, he will be called. In this way, company acquires a database. It's advantage is at the time of a need, a suitable applicant out of the database, can be called out for interview. Thus the company is saved from the expense of advertisement.Identify the recruitment referred in the above paragraph
17. Atul, is working in an organization. After every three every three month his manager transfers him form one department to another so that he may gain a broader understanding of all the departments of organization. Identify the method of training Atul is undergoing.
18. An organisation provides security services. It requires such candidates who are reliable and don't leak out the secrets of their clients. What step should be incorporated in selection process

3 /4 marks

19. Distinguish between recruitment and selection.
20. Madhav chief manager in a company using highly sophisticated machines and equipment, wants that every employee should be fully trained before using machines and equipments. Suggest and describethe best method of training that Madhav can use for the training of the employee.
21. Distinguish between training and development.
22. A company is manufacturing paper plates and bowls. It produces

100000 plates and bowls each day. Due to local festival, it got an urgent order of extra 50,000 plates bowls. Advise how the company will fulfill its order and which method of recruitment would you suggest.

23. Nazir, the director of a garments company is planning to manufacture bags for the utilization of waste material from one of his garments units.

    He has decided that this manufacturing unit will be a setup in a rural area of West Bengal where people have very few job opportunities and labour is available at a lower rates. He has also thought of giving equal opportunities to men and women. For this he wants four different heads for sales, accounts, purchase and production. He gives an advertisement and shortlists ten candidates per post after conducting different selection tests.

    a. Identify state and explainthe next three steps for choosing the best candidates out of the candidate short listed.

24. Distinguish between “on the job” and “off the job” training.
25. State three merits and three demerits of internal and external sources of recruitment.
26. Distinguish between promotion and transfer.
27. Resolutions Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers.

    a) Name and explain the step of staffing process which has not been performed properly.

    b) State the next two stages immediately following the step identified in part „a‟.
28. Explain the various tests used for selection of employees
29. The workers always try to show their inability when any new work is given to them. They are always unwilling to take up any kind of work. Due to sudden rise in demand, firm wants to meet excess orders. The supervisor is finding it difficult to cope up with the situation. Suggest ways for the supervisor to handle the problem.
30. Some learning opportunities are designed and delivered to improve skills and abilities of employees where as some others are designed to help in the growth of individuals in all respects. Identify and explain the two steps explained above

31. Rahul is working as a supervisor in a company. Due to his hard work, he is promoted to the post of production manager. Now the post of supervisor is vacant and no one is transferred or promoted to this post. Name the source of recruitment the company will use to fill up this post. State any three advantages of using this source of recruitment

32. The workers of a factory are unable to work on new machines and always demand for help of supervisor. The Supervisor is overburdened with their frequent calls. Suggest the remedy.

33. The workers of a factory remain idle because of lack of knowledge of hi-tech machines. Frequent visit of engineer is made which causes high overhead charges. How can this problem be removed.

34. The quality of Production is not as per standards. On investigation it was observed that most of the workers were not fully aware of the proper operation of the machinery. What could be the way to improve the accuracy?

35. Mohan, a Chief Manager in a company uses highly sophisticated machines and equipments, wants that every employee should be fully trained before using the machines and equipments. Suggest and describe the best method of training that Mohan can use for training of the employees.

36. Ravi is working in an organization. After every three months his manager transfers him from one department to another so that he may gain a broader understanding of all the departments of the organization. Name and explain the method of training Ravi is undergoing.

37. Astonia Company is planning for a 3 month training programme. Organization and its employees are expecting some benefits out of the training programme.
Outline some values which can be achieved from the point of view of the organization and the employees.

5/ 6 Marks

38. Define staffing. Explain briefly the need and importance of staffing.
39. Define Personnel management. Explain briefly its functions.
40. Describe briefly the steps involved in the process of staffing.

41. State and explain the internal and external sources of recruitment.
42. Explain briefly the steps involved in the selection process.
43. Define training. Explain briefly methods of training.
44. State the importance of training in an organization.
45. A management expert was invited by a company . He gave lecture in the meeting of employees.Main points of the lecture were."Employees should make all efforts to increase their market value.To achieve this objective they should increase their capacity and efficiency .They should also make such endeavor so as to get job satisfaction .
    Not only that it is equally essential that they should concentrate on minimizing the accidents".Management expert is hinting at a function of the management which is beneficial both for the enterprise and the employees.
    Identify and explain the benefits
46. Explain any two 'on the job' and 'off the job' methods of training.
47. A company X limited is setting up a new plant in India for manufacturing auto components. India is a highly competitive and cost effective production base in this sector. Many reputed car manufacturers source their auto components from here. X limited is planning to capture about 40% of the market share in India and also export of at least $5 million in about 2 years of its planned operations. To achieve these targets it requires a highly trained and motivated work force. You have been retained by the company to advise it in this matter. While giving answers keep in mind the sector the company is operating.
    (i) Outline the process of staffing the company should follow.
    (ii) Which sources of recruitment the company should rely upon. Give reasons for your recommendation.
    (iii)Outline the process of selection the company should follow with reasons.
    (i) Which methods of training and development should be company initiate? Explain giving reasons
48. Ms. Jayshree recently completed her Post Graduate Diploma in Human Resource Management. A few months from now a large steel manufacturing company appointed her as its human resource manager. As of now, the company employs 800 persons and has an expansion plan in hand which may require another 200 persons for various types of additional Staffing requirements. Ms. Jayshree has been given complete charge of the company's Human Resource Department.
    (a) Point out, what functions is she supposed to perform?
    (b)What problems do you foresee in her job?
    (c) What steps is she going to take to perform her job efficiently? (d)How significant is her role in the organization

Directing

Synopsis

1. **Meaning of Directing**: It refers to instructing, guiding, communicating and inspiring people in the organization.

2. **Features of directing** :
   - Directing initiates action
   - Directing takes place at every level of management
   - Directing is a continuous process
   - Directing flows from top to bottom

3. **Importance of directing :**
   - It initiates action
   - It integrates employee's efforts.
   - It is the means of motivation.
   - It facilitates to implement changes.
   - It creates balance in the organization Continuous process
   - Takes place at every level of management
   - Flows from top to bottom

4. **Principles of Directing :**
   i) Principle of harmony of objectives.
   ii) Principle of unity of direction.
   iii) Principle of appropriateness of direction technique
   iv) Principle of managerial communication
   v) Principle of use of informal organization
   vi) Principle of leadership
   vii) Principle of follow through
   viii) Principle of maximum individual contribution.

5. **Elements of Directing:**

- Communication
- Leadership
- Motivation

6. **Meaning of Motivation**: It refers to that process that excites people to work for the attainment of desired objectives.
7. **Features of Motivation**
   i) It is an internal feeling.
   ii) It produces goal directed behavior.
   iii) It can be either positive or negative.
   iv) It is a complex process.

8. **Motivation Process**
   i) Unsatisfied need
   ii) Tension
   iii) Drives
   iv) Search behavior
   v) Needs satisfied
   vi) Reduction of tension

9. **Importance of motivation**
   i) It improves performance level
   ii) It helps to change negative or indifferent attitude of employees
   iii) Reduction in employee turns over
   iv) Helps to reduce absenteeism
   v) Reduction in resistance to change

10. **Maslow's Need Hierarchy Theory**: on the basis of priority human needs can be divided into 5 parts
    i) Psychological needs
    ii) Safety needs
    iii) Social needs
    iv) Esteem needs
    v) Self actualisation needs

11. **Financial or Monetary Incentives** :It includes following :
    i) Pay and allowances.
    ii) Productivity linked wage incentives.
    iii) Bonus
    iv) Profit sharing

v) Co-partnership
vi) Retirement benefits

12. **Non financial or Non Monetary Incentives :I**it includes :
i) Status
ii) Organizational climate
iii) Career advancement opportunity
iv) Employee recognition programmes
v) Job security
vi) Employee empowerment

13. **Meaning o leadership** – It refers to the process of influencing other people to work willingly for group objectives.

14. Features of leadership

- Influencing process
- Behavior changing process
- Interpersonal relations between leader and followers.
- Continuous process
- Helps in achieving goal

15. Importance of leadership:

i) Helps in influencing the behavior of people
ii) Secures cooperation of the members of the organization
iii) Creates confidence
iv) Improves productivity
v) Improves job satisfaction

16. Qualities of a good leader:

i) Physical features
ii) Intelligence
iii) Knowledge
iv) Integrity
v) Initiative
vi) Communication skill
vii) Motivational skill
viii) Self confidence

ix) Social skills
x) Empathy

17. **Meaning of Communication**: It refers to an art of transferring facts ideas, feelings etc. from one person to another and making him understand them.

18. Features of Communication :

i) Two or more persons
ii) Exchange of ideas
iii) Mutual understanding
iv) Direct and indirect communication
v) Continuous process
vi) Use of words as well as symbols

19. The Communication Process :

i) Sender / communicator
ii) Message
iii) Encoding
iv) Media transmission
v) Decoding
vi) Receiver
vii) Feed back

20. Importance of Communication :

i) Act as basis of coordination
ii) Helps in smooth working of an enterprise
iii) Act as basis of decision making
iv) Increases managerial efficiency
v) Promotes cooperation
vi) Boosts morale and provides motivation

21. **Formal Communication**: It refers to interchange of information officially.
22. **Formal Communication Network**: the way in which formal communication is done is known as formal communication network. It has five types:-

i) Chain
ii) Wheel
iii) Circular
iv) Free flow
v) inverted ‘V ‘

23. **Informal Communication**: it refers to interchange of information unofficially.

Grapevine network: the way in which informal communication is done is known as grapevine network. it has 4 types:-

i) single standard
ii) gossip chain
iii) probability
iv) cluster

24. Barriers in Communication :

A) **Semantic Barriers**:-

- badly expressed message
- Symbols or words with different meanings
- Faulty translation
- Technical jargon

B) **Psychological or emotional Barriers:-**

- Premature evaluation
- Lack of attention
- Poor retention
- Distrust

C)**Organisational Barriers** :-

- Organizational policy
- Rules and regulations
- Status
- Complexity in organizational structures

D) **Personal Barriers**: -

- Fear of challenge to authority.
- Lack of confidence of superior in his subordinates
- Unwillingness to communicate
- Lack of proper incentive.

25. Improving Communication Effectiveness :

i) Clarify ideas before communication.
ii) Communicate according to the need of the receiver.
iii) Consult others before communication
iv) Be aware of language, tone and content of message.
v) Convey things of help and value listener, ensure proper feedback
vi) Consistency o message.
vii) Follow up communication
viii) Be a good listener.

Assignment Questions

1 Mark

1. In which communication network a subordinate is allowed to communicate with his immediate superior as well as superior's superior?
2. Define noise.
3. What is meant by need hierarchy?
4. Give some examples of perquisites offered to employees.
5. 'Courage, will power, judgement, flexibility, knowledge and integrity'. What is being indicated here?
6. Which one is the most popular network in organizations under grapevine network and what does it mean?
7. Give one example of employee recognition.
8. What does "Technical Jargon" mean?
9. Name the principle of directing by which individual uses his untapped energies up to the maximum potential for achieving the organisational objectives.
10. Which function of management initiates the action?
11. Why is it said that 'Motivation is a complex process'? State.
12. Directing exists wherever there is a superior-subordinate relationship. Which feature of directing is highlighted through this statement?

13. Directing is performed at every level of management. Comment
14. X, a marketing manager has increased area of production to be marketed and sold. The company has given momento to him. Name the kind of non-financial incentive.
15. "A Leader does not wait for opportunities but creates them". Name the quality of a leader.
16. Under these incentive schemes employees are offered company shares at a set price lower than the market price. Which incentive scheme is mentioned here?
17. State the principle of directing highlighted in the following:
For some people money can act as powerful motivator while for others promotion may act as effective motivator
18. An employee is allowed to communicate and responsible to his immediate superior as well as his superior's superior-
    a) Circular
    b) Wheel
    c) Gossip
    d) Inverted V

19. The process of converting the encoded symbol of the sender into message is--
- Encoding
- Media
- Decoding
- None

20. Self respect/recognition is the need for an employee-
    a) Physiological need
    b) Safety need
    c) Esteem
    d) Self-Actualization

21. Less absenteeism of employees from the job is coming under which element of directing-
    a) Supervision
    b) Motivation
    c) Leadership
    d) Communication

22. Blue Birds Ltd. Offers to its employees to issue shares at a price which Is less than the market price. Name and explain in brief the type of Incentive offered to the employees

23. Ayesha Ltd. assured their employees that inspite of recession, no worker will be retrenched from the job. Explain in brief the type of Incentive offered to the employees.

24. Roshan ,a sales manager of Kellogs achieved his sales target much in advance the scheduled time. The management offered shares to him at 85% discount to the scrip's latest closing price. Name the incentive awarded by the management.

25. Neeraj, a sales representative of 'Omida Ltd.' has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omission intended meaning is not conveyed. All this created a misunderstanding between him and his clients.
    (a) Identify the communication barrier discussed above.
    (b) State the category of this communication barrier.
    (c) Explain any other communication barrier of the same category

3/4 Marks

23. Define Directing. State its elements.
24. Explain briefly the importance of Directing.
25. State the features of Directing.
26. In XYZ Ltd. there is no restriction on flow of communication and each and every employee is free to approach any one for minor queries and problems. Although this flow of communication is fast, but it has led to leakage of confidential information.

a. Which network of formal communication is used by the company?
b. Mention a suitable network, which can be used by the company to protect the confidential informal

27. Distinguish between supervision and direction
28. ‘Managership and leadership are not synonymous.’ Discuss.
29. Suggestion and reactions are included in which type of formal communication. Explain.
30. What are the qualities of a good leader?
31. Mr. Fernandes is the owner of Unibie Enterprises, carrying on the business of manufacturing electrical appliances. There is a lot of discontentment in the organisation and targets are not being met. He asked his son, Michel, who has recently completed his MBA, to find out the reason. Michel found that all decision making of the enterprise were in the hands of his father. Moreover, his father did not have confidence in the competency of the employees. Thus the employees were not happy. a. Identify any two communication barriers because of which 'Unibie Enterprise' was not able to achieve its target. b. State one more barrier each of the types identified in part (a) above.
32. State any three principles of directing.
33. Distinguish between formal and informal communication.
34. How does noise interfere in communication process?
35. Distinguish between written and oral communication
36. What do you mean by grapevine? Explain two types of grapevine along with diagram.
37. Motivation can be positive or negative comment with examples.
38. Huma is working in a company on a permanent basis. As per the job agreement she had to work for 8 hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realized that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.
    (i) By quoting the lines from the above para, identify the needs of Huma which she is able to fulfill.
    (ii) Also explain two other needs of Huma followed by the above needs, which still remained to be satisfied.
39. Explain complex organizational structures as a barrier to effective communication.
40. Usually we see that on the occasion of Diwali people buy a large Number of gifts. R.K Electronics Limited, wants to take advantage of this habit of people. It decided to prepare a big range of attractive gifts. All the employees of the company co-operated fully to implement this decision. One day, some of the employees were chatting together in the

canteen. One of them, Mr Sam, had a secret and enjoyable information about one of his colleagues. He was telling them all as he stood amidst them. All of them were enjoying themselves the information he shared with them.

a) Identify from the above the factor of Business Environment

b) Which method of communication is discussed and explain the same.

c) To which main type of communication belongs the method referred to in point “b”.

41. With a view to encouraging its employees , Shruti Ltd launched a scheme .It was like this :Any employee of the company whose work performance reaches up to a given mark, will get free 10 equity shares of the company .On the other hand, that employee of the company whose work performance is not upto a given mark, will get 10 equity shares of the company at face value(market value of company’s share is much higher than the face value.)The scheme was accepted by the employees gladly, They felt very happy as they were now participant in the ownership of the company. displayed better performance than before .Not only that , many employees began to take interest in the buying and selling of shares of other companies. The market ,wherein they used to buy and sell shares was doing the job of creating liquidity in the shares. The attribute of creating liquidity by this market was very much liked by the employees.

Identify the above mentioned incentive method and explain

42. Every month,McDonalds displays the name of the employee on the Achievement board who has performed the best. Name the incentive indicated in the given case and explain Maslow’s first three need’s, hierarchy theory of motivation

43. Rahul and Ashok are friends working in AB Ltd., as Sales and Marketing Manager respectively. In an interdepartmental meeting, Ashok informed Rahul about a change in the credit policy of the company.

a) Identify the type of communication used in the above example.

b) Name and explain any two networks of the type of communication identified in part A.

44. Jeevan, a marketing executive of ‘Global Communications Ltd.’ has changed five jobs in the last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a misunderstanding between him and

his clients.
(a) Identify the communication barrier discussed above.
(b) State the category of this communication barrier.
(c) Explain any other communication barrier of the same category

5/ 6 Marks

1. Define 'Supervision'. State the functions of a Supervisor.
2. Amit and Mikki are two employees of two different departments. One day during lunch time, Mikki informed Amit that many employees will be retrenched because of computerisation. Name the type of communication. State its two limitations.
3. Define Motivation. How does it improve efficiency and facilitate the accomplishment of organizational goals?
4. Explain Maslow's hierarchy of needs and its importance in the motivation process.
5. Define leadership. State its importance in an organization.
6. Define Communication. Show the process of communication with diagram.
7. Explain briefly the various barriers to effective communication process.
8. Discuss the importance of supervision as an element of directing.
9. Directing is the heart of management process. Comment.
10. Mr. Ramesh, Manager (Operations) sets the targets for all his subordinates without discussing it with them. He firmly tells them that if the task is not completed than strict action will be taken against them. Which form of leadership is he following?Explain the situation where this form of leadership is useful
11. Enumerate various types/forms of communication network.
12. Define the term 'incentive'. State any three monetary and non-monetary incentives, which may be used to motivate the employees.
13. Discuss Maslow's theory of motivation and explain if you agree that the higher levels of motivational factors will only be effective if the lower levels are satisfied
14. Explain the importance of communication in an organization.
15. Discuss the various measures to improve communication effectiveness in an organization.
16. Identify the function of management which refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve objectives. Explain the importance of this function of management

17. Explain briefly any three principles of directing.

18. Gurpreet is the owner of an electronic showroom. He wants an experienced sales manager and accounts manager. For this, he gives an advertisement. Thirty people apply for the job. He selects the best two persons out of a number of prospective candidates for a job. Mr Gurpreet gives sales target to sales manager and assigns work to accounts manager. The sales manager achieved his sales target one month in advance. His achievement was displayed on the notice board a certificate for the best performance was awarded to him by the owner of the showroom.

(a) Name the source of recruitment which is used by Mr Gurpreet to fill the above posts by quoting the lines from the above para. Also state any two advantages of using this source of recruitment.

(b) Which test do you think helped Mr Gurpreet to find out the skills and abilities possessed by the candidate relating to the job during selection process

(c) Which need of a sales manager, according to Maslow's Need Hierarchy Theory of Motivation is satisfied by giving such type of incentives?

19. Neha was a regional sales manager in 'Good Look Garments Ltd' for ten years. On the retirement of the marketing manager Neha applied for the same post as she was extremely ambitious and had dedicated all her energies to obtain the post of marketing manager. However, the top management of the company decided to fill this post by selecting a better person from outside the company. Because of this Neha was heart-broken and her performance declined. When the new marketing manager joined, one of her major problems was how to motivate and inspire Neha to her former level of performance.

Suggest any five non-financial incentives that the new marketing manager may use to motivate Neha.

20. Kavya had been working with 'Reliable Ltd.' for the last ten years. She was famous for her dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Kavya would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Garima'. Because of this, Kavya felt demoralised and her performance started declining. She would absent herself often and could not meet her targets. Miss Garima was a good leader who would not only instruct her subordinates but also guide and inspire them. She noticed Kavya's behaviour and felt that her performance could be improved. She started involving Kavya in decision-making issues related to the organization and made her a member of a high-level joint management

committee. Kavya was now punctual to office and her performance started improving.

a. Identify the function of management being performed by Garima.

b.Name the element of the above function of management which helped Garima to improve Kavya's behaviour.

c.State any three features of the element identified in (b) above.

Controlling

Synopsis

1. **Meaning of Controlling—**It is the process through which managers assure that actual activities conform to the planned activities.

2. **Nature of Controlling:-**
   - It is pervasive function
   - It is a dynamic process
   - It is forward looking
   - It is action oriented
   - It leads to post-mortem of past events

3. **Objectives of Controlling:-**
   - Determining the progress of work
   - Detecting deviations from the planned standards
   - Investigating the causes of deviations
   - Taking corrective measures to check deviations
   - Keeping the loss due to faulty production within the minimum possible limit

4. **Importance of Controlling:-**
   - It helps the organisation in achieving objectives.
   - It helps in improving adaptability to environmental change
   - It helps in coping with organisational complexities.
   - It helps in maintaining and improving quality
   - It helps in financial matters.

5. **Limitations of Controlling:-**
   - External factors such as government policy, technological changes adversely affect controlling
   - Resistance by subordinates
   - Expensive process
   - Difficulty in determining quantitative standards

6. **Planning is looking ahead when controlling is looking back**

Relationship between Planning and Controlling

Relationship of planning and controlling can be understood by dividing them into:

1. Planning and controlling are inseparable twins of management.
2. Controlling is blind without planning.
3. Planning is clearly a prerequisite for controlling
4. Planning is thus, prescriptive whereas, controlling is evaluative
5. Planning is looking ahead while controlling is looking back.
6. Planning and controlling are interrelated

1.Planning and controlling are inseparable twins of management.

- A system of control presupposes the existence of **certain standards**.
- These standards of performance which serve as the **basis** of controlling are provided by planning.
- Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, ***planning without controlling is meaningless***.

2.Controlling is blind without planning.

- If the standards are not set in advance, managers have nothing to control.
- When there is no plan, there is no basis of controlling.

3.Planning is clearly a prerequisite for controlling.

- It is utterly foolish to think that controlling could be accomplished without planning.
- Without planning there is no Predetermined understanding of the desired performance.
- Planning seeks consistent, integrated and articulated programmes while controlling seeks to compel events to conform to plans.

4.Planning is thus, prescriptive whereas, controlling is evaluative.

- Planning is basically an intellectual process involving thinking, articulation and analysis to discover and prescribe an appropriate course of action for achieving objectives. (think of the Doctor he gives prescription) (don't write this

- Controlling, on the other hand, checks whether decisions have been translated into desired action. (and if you don't follow the prescription it is of no use (don't write this)

5.Planning is looking ahead while controlling is looking back.

- However, the **statement** is only partially correct.
- Plans are prepared for future and are based on forecasts about future conditions. Therefore, planning involves looking ahead and is called a forward looking function.
- On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, controlling is a backward-looking function.
- However, it should be understood that planning is guided by past experiences and the corrective action initiated by control function aims to improve future performance.

6.Planning and controlling are interrelated and, in fact, reinforce each other in the sense that

1. Planning based on facts makes controlling **easier and effective**; and
2. Controlling improves future planning by providing information **derived from past experience.**

7. Controlling Process:-

a) Establishment of standards
b) Measurement of performance
c) Comparison of actual performance with the standard
d) Analysing deviations
e) Taking corrective action

- **Assignment Questions**

1 Mark

1. Name two aspects of controlling
2. It is a quantitative statement for a definite future period of time for the purpose of obtaining a given objective. Name it.
3. Name the function of management which acts like a traffic signal to make everything on the right track.
4. Controlling is a pervasive function. Comment.
5. Controlling is a continuous process. Comment.
6. What is sample checking?
7. Name the concept which suggests that only significant deviations which go beyond the permissible limit should be brought to the notice of management.
8. Give two examples of quantitative standards.

9. Give two examples of qualitative standards.
10. Madhav Ltd manufactures steel utensils. Mr Rajesh is its production Manager. Work in production department has been divided into several small parts. Each small part of the work has been entrusted to a Group of 5 workers. Production target of each group has been determined at 1000 units per month. Besides, it has also been decided that if the actual production of a group ranges between +/- 50, then this Deviation will be looked after by the departmental manager. However, if the deviation is beyond this limit, then it will be brought to the notice of the general manager. Which step of controlling process has been shown in the above paragraph

11. Employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised, which in turn help them to give better performance. Which importance of controlling is highlighted here.
12. What do you mean by Key Result Area (KRAs) in the context of controlling?
13. An attempt to control everything may end up by controlling nothing is a concept called-
    a) Mental revolution
    b) Span of management
    c) Management by exception
    d) Key result area

3 /4 Marks

14. Can controlling function modify the plan in the near the future? Explain.
15. Explain in brief the advantages of management by exception and critical point control.
16. Give any three advantages of budgetary control?
17. Can budgetary control helps in coordination among different departments? Comment.
18. Controlling is not the last the function of management. Explain
19. How does controlling helps in judging the accuracy of standards?
20. How does controlling motivate the employees?
21. What are the features of a good standard?
22. An ideal control technique is one that checks every bit of performance. Comment.

23. K& K Co Ltd is engaged in manufacturing of machine components. The target of production is 200 units daily.The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 150-170units. Identify the possible cause for the decline in production and the steps to be taken to achieve the desired targets.

5 /6 Marks

24. Define Controlling. Explain briefly the features of Controlling?
25. Explain in brief the importance of control.
26. How does controlling helps in achieving objectives and improving employee's performance?
27. 'If you try to control everything, you may end up controlling nothing'. Explain.
28. 'Planning and Controlling are mutually interrelated and interdependent activities.' How?
29. Describe briefly the various steps in the process of control.
30. Surbhi is a large manufacturing unit of air conditioners. Recently,

    the company conducted"time" and "motion"studies and concluded that on an average a worker could produce 120 units per day. However,it has been noticed that average daily production of a worker is in the range of 80-90 units. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air- conditioners per day is 90 units. To findOut the reason the company compared actual performance of each worker and observed through CCTV that some of the workers were busy in Gossiping. Identify the function of management and explain the steps
    In the process of the function identified which are discussed in the above paragraph
31. A company 'M' limited is manufacturing mobile phones both for domestic Indian market as well as for export. It had enjoyed a substantial market share and also had a loyal customer following. But lately it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also mobile market in India has grown tremendously and new players have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.

1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained.
3. Give the steps in the control process that the company should Follow to remove the problems it is facing

Questions

1) In company employees achieved quantitative standard but could not attain qualitative standards. Which values have been ignored here?
2) A manager observes that an old employee is not doing the required work. Manager scolds him rudely without asking him the reasons. In your view how the manager would have behaved and which values he should have kept in his mind?
3) A supervisor observes that during working hours some employees were busy in gossiping instead of working. Inspite of instructions they did not start working, when the matter was brought to the notice of management the union threatened to go on strike. In your view was the behavior of employee and the union was justified?

Part B

Business Finance and Marketing

Business Finance and Marketing

Financial Management

Synopsis

1. **Meaning of financial management**: It refers to that part of management activity which is concerned with the efficient planning and controlling of financial affairs of the enterprise.

2. **Role of financial management** :
   i) Determination of fixed assets.
   ii) Determination of current assets.
   iii) Determination of long- term and short term finance.
   iv) Determination of proportion of various sources of long – term finance.
   v) Determination of various items of profit and loss account.

3. **Factors affecting Investment decisions** :
   i) Cash flows of the project.
   ii) The rate of return.
   iii) Investment criteria involved.
   Short – term investment:
   i) Liquidity.
   ii) Profitability.

4. **Factors affecting financial decision** :
   i) Cost
   ii) Risk
   iii) Floatation cost
   iv) Cash flow position.
   v) Level of fixed operating costs.
   vi) Control consideration.
   vii) State of capital market.

5. **Factors affecting dividend decision** :
   i) Earning.
   ii) Stability of earning.
   iii) Stability of dividends.
   iv) Growth opportunity.
   v) Cash flow position.
   vi) Share holder preference.
   vii) Taxation policy.
   viii) Stock market reaction.
   ix) Access to capital market.
   x) Legal constraints.

6. **Objectives of financial planning: Wealth Maximization**: It refers to increase the capital invested by the share holders.

7. **Meaning of Financial Planning**: Financial Planning refers to predetermining of financial activities so that the objectives of the organization could be achieved.

8. **Process of Financial Planning** :
   i) Determination of financial objectives.
   ii) Determination of financial policies.
   iii) Determination of financial procedures.

9. **Objectives of financial planning** :
   i) To ensure timely availability of finance.
   ii) To ensure proper balance of finance.

10. **Importance of financial planning** :
   a) Helps to face the eventualities.
   b) Helps in avoiding business shocks and surprises.
   c) Helps in coordination.
   d) Helps in avoiding wastage of finance.
   e) Helps to link the present with the future.
   f) Helps in creating link between investment and financial decisions.

g) Financial control.

11. **Meaning of Capital Structure**: Capital structure means relative proportion of different sources of long term finance.

12. **Debt Capital and Equity Share Capital**: Cost and Risk : Dept capital is lower cost capital but it is riskier. Contrary to this, equity share capital is risk free capital but is costlier.

13. **Debt Capital and Preference Share Capital: Similarity and Dissimilarity**: Both are fixed cost capital but different as far as the compulsion of the payment of consideration is considered.
14. **Financial Leverage and Financial Risk:** The situation of introducing debt capital in the capital structure is known as financial leverage. The situation of unable to do the payment of fixed. Financial cost is known as financial risk.

15. **Trading on Equity**: It means raising of fixed cost capital on the basis of equity share capital with a view to increase the earnings of the shareholders.

16. **EBIT –EPS Analysis**: with the help of this analysis it can be found out as to what will be the effect of various combinations of long term financial sources on the EPS at certain EBIT level.

17. Factors affecting the choice of Capital Structure :

- Cash flow position.
- Debt service coverage ratio- DSCR.
- Return on investment – ROI
- Cost of debt.
- Tax rate
- Cost of equity capital.
- Floatation costs.
- Risk consideration.
- Control.
- Regularity frame work.

- Stock market conditions.
- Capital structure of other companies.
- Interest coverage ratio- ICR
- Flexibility.

18. **Meaning of fixed capital** : fixed capital is that capital which is used for the purchase of fixed assets.

19. **Factors affecting the requirement of fixed capital :**
    - Nature of business
    - Scale of operations
    - Choice of technique
    - Technology up gradation.
    - Growth prospects.
    - Diversification
    - Financing alternatives.
    - Level of collaboration.

20. **Meaning of capital budgeting**: all decisions relating to investment in fixed assets are called budgeting.

21. **Importance of capital budgeting :**
    - Long-term growth an effect.
    - Large amount of funds involved.
    - Risk involved.
    - Irreversible decisions.

22. **Meaning of working capital**: difference between current assets and current liabilities is called working capital.

23. **Concepts of working capital :**
    - Net working capital concept.
    - Gross working capital concept.

24. **Need or significance of working capital :**

- Payment of daily expense.
- Payment of current liabilities on time.
- Taking advantage of cash discount.
- Taking advantage of favourable opportunities of market.
- Continuity in production.

25. Factors affecting the requirement of working capital :

- Nature of business.
- Scale of operations.
- Business cycle.
- Seasonal factors.
- Production cycle.
- Credit allowed.
- Credit availed. operating efficiency. availability of raw material.
- Growth prospects.
- Level of competition.
- Inflation.

Assignment Questions

1Mark

1) What is financial leverage?
2) Define 'Business Finance'
3) State the meaning of financial risk
4) A company wants to establish a new unit in which a machinery of worth Rs 10 lakhs is involved. Identify the type of decision involved in financial management.
5) How does market value of equity shares be maximised?
6) If a company enters into successful collaborations with other organisations, how will it affect its requirement of fixed capital
7) "In case of inflation does an enterprise need more of the working capital." Comment.
8) What is meant by gross working capital?
9) A decision is taken to distribute certain part of the profit to shareholders after the payment of tax. What is this decision called?
10) How does production cycle affect the requirement of working capital?
11) State any two functions affecting the capital budgeting decision.
12) What is meant by floatation cost?
13) What do you infer from the term wealth maximization?
14) General Manager of Obama Company is estimating the funds required to execute the planned expansion programme of the business. Identify the type of decision the Finance Manager of Obama and company will take?
15) Is trading on equity advisable when use of debt reduces the EPS?
16) What is the primary aim of financial management?
17) How does choice of technique affect the requirement of fixed capital?
18) If the stock markets are bullish then what would be more easy for the company to issue?

3/4 Marks

19) How are shareholders likely to gain with a loan component in the capital employed?
20) Explain briefly the functions of a finance manager.
21) What is capital budgeting? Explain, in brief, the nature and scope of capital budgeting.
22) Explain features of an ideal capital structure.

23) Define Financial Planning? Explain briefly any two objectives of financial planning.

24) Explain briefly the importance of financial planning.

25) Define Financial Management. Explain briefly any two objectives of financial management.

26) State the merits and demerits of issuing equity shares for the company

5/6Marks

27) Compare favourable financial leverage with unfavourable finanical leverage with help of an example.

28) Give any 5 examples of how financial management decision affects the financial statement?

29) Explain the factors affecting requirement of fixed capital.

30) What do you mean by capital structure? Explain the factors that affect the capital structure of the company.

31) Define working capital. You are the finance manager of a company. The board of directors has asked you to determine the working capital requirements of the company. State the factors that you would take into consideration while determining the requirements of working capital for the company.

32) Explain briefly the factors that affect the dividend decision of the company.

33) How does trading on equity increase the return on equity shares? Explain with example.

34) The directors of ABC ltd have decided to modernize the plant and machinery at an estimated price of Rs 1 crore. As a finance manager of the company, advise the directors whether to issue equity shares or debentures in the interest of the company and why?

35) Shalini, after acquiring a degree in Hotel Management and Business Administation took over her family food processing company of manufacturing pickles, jams and squashes. The business was established by her great grandmother and was doing reasonably well. However the fixed operating costs of the business were high and the cash flow position was weak. She wanted to undertake modernisation of the existing business to introduce the latest manufacturing processes and diversify into the market of chocolates and candies. She was very enthusiastic and approached a finance consultant, who told her that approximately Rs.50 lakh would be required for undertaking the modernization and expansion programme.

He also informed her that the stock market was going through a bullish phase.

36) (a) Keeping the above considerations in mind, name the source of finance Shalini should not choose for financing the modernization and expansion of her food processing business. Give one reason in support of your answer.

(b) Explain any two other factors, apart from those stated in the above situation, which Shalini should keep in mind while taking this decision.

37) 2) Silkiya Ltd.' is a company manufacturing silk cloth. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well-managed organisation and believes in quality, equal employment 13 opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs.60 lakhs from SBI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement. The above discussion about the company leads to various factors which decide how much profit should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion, identify and explain any four such factors

38) Sakshi ltd is a company manufacturing electronic goods. It has a share capital of 120lakhs.The earning per share in the previous year was Rs.0.5.For diversification the company requires additional capital of Rs 80 lakhs.The company raised funds issuing 10% debentures for the same. During the current year the company earned a profit of Rs 16lakhs on the capital employed.It paid tax @ 40%

a) State whether the share holders gained or lost in respect of earning per share on diversification. Show your calculation clearly

b) Also state any three factors that favor the issue of debentures by the company as part of its capital structure

39) Tata International Ltd. earned a net profit of Rs.50 crores. Ankit the finance manager of Tata International Ltd. wants to decide how to

appropriate these profits. Identify the decision that Ankit will have to take and also discuss any five factors which help him in taking this decision

40) S limited is manufacturing steel at its plant in India It is enjoying a buoyant demand for its products as economic growth is about 7%-8% and demand for steel is growing. It is planning to set up a new steel plant to cash on the increased demand it is facing. It is estimated that it will require about Rs 5000 Crores to set up and about Rs 500 Crores of working capital to start a new plant.

41) What is the objective of financial management for this company?

42) What are the factors which will affect capital structure of this company?

Financial Markets

Synopsis

1. **Concept of financial market**: It refers to the market which creates and exchanges financial assets.

2. **Functions of financial markets :**
   i) Mobilization of savings and their channelization into more productive uses.
   ii) Facilitates price discovery.
   iii) Provides liquidity to financial assets.
   iv) Reduces the cost of transactions.

3. **Meaning of money market**: It refers to that market where transactions in short –term securities are made.

4. **Money –market instruments ;**
   - Treasure bill.
   - Commercial paper.
   - Call money.
   - Certificate of deposit.
   - Commercial bill.

5. **Meaning of capital market**: It refers to that market where transactions in long-term securities are made.

6. **Primary market**: It refers to that market in which securities are sold for the first time for collecting long –term capital.

7. **Features of primary market :-**

i) It is related with new issues.
ii) It has no particular place.
iii) It has various methods of float capital.
iv) Public issue.
v) Offer for sale.
vi) Private placement.
vii) Right issue.
viii) Electronic initial public issue.

B) **Secondary market**: It refers to that market in which existing securities are bought and sold.

Features of secondary market:

- It creates liquidity.
- It comes after primary market.
- It has a particular place.
- It encourages new investment.

8. Difference between capital market and money market :

- Duration.
- Liquidity.
- Safety element.
- Participants.
- Instrument traded.
- Investment outlay.
- Expected return.
- Cost of transactions.

9. **Meaning of stock exchange**: stock exchange means an organized market where securities issued by companies, government organization ,semi government organizations are sold and purchased. Securities include shares, debentures, bonds etc.

10. Features of stock exchange :

- Organized market.
- Dealings in securities issued by various concerns.
- Dealing only through authorized members.
- Necessary to obey the rules and bye laws.

11. Functions of stock exchange :

- Providing liquidity and marketability to existing securities.
- Pricing of securities.
- Safety of transactions.
- Contributes to economic growth.
- Spreading of equity cult.
- Providing scope for speculation.

12. Stock exchanges in India:

There are 24 stock exchanges functioning currently in india out of which Mumbai stock exchange, national stock exchange and delhi stock exchange are main stock exchanges.

13. Objectives of SEBI :

i) Regulation of stock exchanges
ii) Protection to the investors.
iii) Checking the insider trading.
iv) Control over brokers.

14. Functions of SEBI :

I) Protective functions.
II) Regulatory functions.
III) Development al functions.

Assignment Questions

1 Mark

1) When are the markets terms ‘going public’ and ‘water equity’ used?

2) Enumerate two stock exchanges, which are at all India level.
3) Name the items manufactured by Hindustan Lever.
4) What is IPO?
5) By linking the savers and the investors by mobilising funds between them which function does financial market perform?
6) It refers to allotment of securities by a company to institutional investors and to some selected individuals. Name it.

3/4 Marks

7) Explain in brief trading procedure on stock exchange .
8) "Money Market is essentially a market for short term funds" Discuss.
9) Distinguish between Primary market and Secondary market
10) What do you mean by capital market? State any two objectives of capital market
11) Explain briefly the importance of capital market
12) Define SEBI. Enumerate three kinds of functions of SEBI.
13) Distinguish between capital market and money market on the basis of

- a. Liquidity
- b. Safety
- c. Expected return
- d. Duration

14) 'Money market instruments are more liquid than capital market instruments'. Comment.

5/6 Marks

15) Explain in brief the various methods of floating new issues in the primary market.
16) Describe Money market. Outline the major instruments of money market?
17) Define Stock Exchange. Explain briefly the functions of stock exchange.
18) Explain in brief

- Dematerialisation
- Insider Trading
- Price rigging

- Bridge financing

22)Power Supplier Ltd. is a newly established company. The company needs fixed capital to buy fixed assets like land, building, plant machinery, *etc*.
(*i*) Name the market from where the company can raise the funds. Also explain any two methods of issuing securities in this market.
(*ii*) Explain any two factors which affect the requirements of fixed capital.

23) 'Raghav Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decided to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money-market.

a) Name and explain the money-market instrument the company can use for the above purpose.
b) What is the duration for which the company can get funds through this instrument?
c) State any other purpose for which this instrument can be used.

24. Saqib Ltd. is a large credit worthy company operating in the Kashmir Valley. It is an export oriented unit, dealing in exclusive embroidered shawls. The floods in the Valley have created many problems for the company. Many craftsmen and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw material, and the duration of the production cycle has also increased. To add to the problems of the organization, the suppliers of raw material who were earlier selling on credit are asking the company, for advance payment or cash payment on delivery. The company is facing a liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short-term shortage of cash. As a finance manager of the company name and explain the alternative to bank borrowing that the company can use to resolve the crisis

25.Pradeep Industries is planning to issue equity shares to raise funds worth Rs.1,000 crores for its expansion and growth. The company has 4 directors and each director is suggesting different method for the new issue. Name the market through which directors will offer. If the directors

a) Offer the entire new issue to Life Insurance Company.

b) Issue shares to public via issue houses and stock brokers.

c) First ask existing shareholders to apply for new issue as it is a compulsory requirement under Companies Act.

26. Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather.
As no trading is now done in physical form, Supriya wants to know the process by adopting which she can deal with these certificates.

a) Identify and state the process.

b) Also, give two reasons to Supriya why dealing with shares in physical form had been stopped?

the car was not new and first service had already been availed on this car. He felt cheated and filed a
complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file
an appeal against it.
Can Himanshu appeal against the decision of the State Commission?
Give reason in support of your answer

26)On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.
Can Sonika appeal against the decision of the district forum? Give reason in support of your answer

Marketing Management

Synopsis

1. **Basis of Marketing**: these are three main basis of marketing .
   i) Market
   ii) Customer
   iii) Marketer/seller.

2. **Meaning of Marketing**: that process under which valuable goods/services are created, offered and by doing transaction independently the needs are satisfied.

3. **Features of Marketing** :
   i) Need and want
   ii) Creating a market offering .
   iii) Customer value.
   iv) Exchange mechanism.

4. **Functions of Marketing** :
   i) Gathering and analyzing market information
   ii) Marketing planning.
   iii) Product designing and development.
   iv) Standardization and grading.
   v) Packaging an labeling.
   vi) Branding.
   vii) Customer support service.
   viii) Pricing of products.
   ix) Promotion.
   x) Physical distribution.
   xi) Transportation
   xii) Storage or warehousing.

5. **Role of marketing** :

A) Role in a firm: marketing helps keeping a firm alive and develop.
b) Role in the economy: marketing increases the standard of living of people .This situation is the indication of the development of an economy.

6. **Differences between marketing and selling** :
   - Part of the process vs wider term.
   - Transfer of the title vs satisfying customers needs.
   - Profit through maximizing sales vs custome satisfaction.
   - Start and end of the activities.
   - Difference in emphasis
   - Difference in strategy.

7. **Marketing management philosophies.**
   There are five categories of it :
   i) Production concept.
   ii) Product concept.
   iii) Selling concept.
   iv) Marketing concept.
   v) Social marketing concept.

8. **Comparative study of various marketing management philosophies :**
   i) Starting point.
   ii) Main focus.
   iii) Means.
   iv) Ends.

9. **Meaning of Marketing Mix:**
   Aggregate of policies formulated to complete successfully different marketing activities is called marketing mix.

10. **Product**: anything that can be of value to the buyer can be termed as a product.
    Types of satisfaction received from product:
    i) Functional satisfaction.

ii) Physiological satisfaction.
iii) Social satisfaction.

Classification of products :

A) Consumer products : It refers to those products which are purchased b the ultimate consumers for satisfying their needs .for example ,shirt, watch ,toothpaste shaving cream, soap etc.

B) Classification of consumer products :

On the basis of durability:

- Perishable products : eg: milk,food,egg,cigarette.
- Durable products : eg: television,furniture,watch,mobile phone etc.
- Services : eg: hair cutting,watch repair.

On the basis of extent of shopping efforts involved :

- Convenient products : eg: matchbox,salt,biscuits etc.
- Shopping products : eg: furniture,television ,shoes,sarees etc.
- Speciality products : eg: car,scooter,mobile phone etc.

C) **Industrial products** : it refers to those products which are used as inputs for manufacturing consumer products. Eg: leather,iron, coal etc.

Features :

- Number of buyers
- Channel levels
- Geographic concentration.
- Derived demand.
- Role of technical considerations.
- Reciprocal buying
- Leasing out.

11. Elements of marketing mix :

i) Product mix
ii) Price mix
iii) Promotion mix
iv) Place or physical distribution mix.

12. **Product mix** : it refers to all decisions relating to poduct .it mainly includes branding,packaging and labeling.

a) **Branding** : it refers to that process through which a special identification of product is established.

Qualities of good brand name :

i) Simple and short
ii) Easily pronouncable.
iii) Suggestive
iv) Distinctive

Advantages of branding : easiness in advertising, easiness in shopping etc.

b) **Labellling** : label is a slip which is found on the product itself or on the package providing all the information regarding the product and its producer. The process of preparing label is known as labeling.

Functions of labeling :

i) Identification.
ii) Classification
iii) Promotion

c) **Packaging** : by packaging we mean the group of those activities which are related with the designing and production o containers in which the products are packed.

Functions of packaging :

i) Product identification.
ii) Product protection.
iii) Convenience.
iv) Product promotion.

Advantages of packaging :

i) Rising standards of health and sanitation.
ii) Self –service outlets.
iii) Innovational opportunity.

13. **Price mix:** it refers to all those decisions which are concerned with the price fixation of any product or service.

Factors determining fixation of price .

i) Cost of production.
ii) Demand for product.
iii) Price of competitive firms.
iv) Purchasing power of customers.
v) Government regulation.
vi) Objective
vii) Marketing method used.

14. **Promotion mix:** It refers to combination of promotional tools used by the business to inform and persuade customers about the products. These are :

i) Advertising
ii) Personnel selling
iii) Sales promotion.
iv) Publicity.

15. **Place mix** : It refers to the combination of all decisions relating to make products available to consumers. These decisions are about

i) Channels of distribution and
ii) Physical distribution.

Channels of distribution : it refers to that path through which products reach consumers.

Types or levels of channels of distribution :

i) Zero level channel
ii) One level channel
iii) Two level channel
iv) Three level channel

Functions of channels of distribution :

i) Information function.
ii) Persuasive function.
iii) Order function.
iv) Risk function.

v) Storage function.
vi) Instrumental function.

Factors affecting choice of channels of distribution:

A) Considerations related to product :

- Unit value of the product.
- Standerdised or customized product.
- Perish ability
- Technical nature

B) Considerations related to market :

- Number of buyers
- Types of buyers
- Buying habits
- Buying quantity
- Size of market.

C) Considerations related to manufacture /company.

- Goodwill
- Desire to control the channel of distribution.
- Financial strength.

D) Considerations related to government : Govt. laws

E) Others

- Cost
- Availability
- Possibilities of sales

Physical Distribution: It refers to all decisions relating to the transportation, inventory, warehousing and order processing of goods.

Elements of physical distribution:

i) Transportation
ii) Inventory
iii) Warehousing

iv) Order processing.

16. **Meaning of Personal Selling**: refers to such a medium of increasing sales wherein both buyer and seller face each other personally. Seller presents his product to the buyer and narrates its characteristics. He fully satisfies the prospective customer by removing his doubts.

17. Features of personal selling :

i) Personal form
ii) Development of relationship
iii) Oral conversation.
iv) Quick solution of queries
v) Receipt of additional information.
vi) Real sale.

18. Importance of Personal Selling :

A) Importance to Businessmen:

- effective promotion tool
- flexible tool
- Minimizes wastage of efforts.
- Consumer attention.
- Lasting relationship
- Personal rapport
- Role in introduction stage
- Link with customers.

B) Importance to Customers :

- Helps in identifying needs.
- Latest market information.
- Expert advice.
- Induces customers.

C) Importance to society:

- Converts latent demand.
- Employment opportunities.
- Career opportunities.
- Mobility of sales people.
- Product standardization

19. Difference between advertising and personal selling :

- Form
- Message
- Flexibility
- Reach
- Cost
- Time
- Media
- Feedback
- Role
- Suitability.

20. **Meaning of Sales Promotion**: it refers to all those activities which are undertaken to increase sales. These activities are besides advertising, personal selling and publicity. For instance lowering the price, conducting the contests etc.

21. Features of sales promotion :

i) Sales promotion does not include advertising, personal selling and publicity
ii) Sales promotion activities are undertaken on some special occasions alone, etc.

22. Merits of sales promotion :

i) Merits of sales promotion.
ii) Useful in new product launch
iii) Synergy in total promotional efforts.

23. Methods of Sales Promotion activities :

i) Rebate
ii) Discount
iii) Refunds
iv) Product combination
v) Quantity gift
vi) Instant draw and assigned gift
vii) Lucky draw.

viii) Usable benefits
ix) Full finance @0%
x) Samples or sampling
xi) Contests

24. **Meaning of Publicity**: is any promotional communication regarding an organisation and or its products where the message is not paid for by the organisation benefiting from it.

25. **Public Relations**: - is an organisation's broad , overall communications effort intended to influence various groups attitudes towards the organisation. It is aimed at creating and managing successful relations with the public. Its purpose is to keep different public groups satisfied so that no obstructions are imposed on the functioning of the business.

26. Public Realtion Tools:-

- News
- Speeches
- Events
- Written materials
- Public service activities

Assignment Questions

1 Mark

1. What do you know about marketing offer?
2. "A bundle of utilities or source of satisfaction that can be used to satisfy human needs and wants". Name it.
3. What is the meaning of customer value?
4. Name the new concept of inventory decision gaining popularity in increasing number of companies.
5. State the meaning of target market.
6. One feature of marketing is customer value. Name one more feature.
7. "Exchange is the essence of marketing" Comment.

8. What do you mean by market research?
9. The societal marketing concept is related to?
10. A tube of toothpaste usually come is cardboard box. Which level of packaging does it refer to?
11. "Why packing is called silent salesman?
12. What are the people, institutions, merchants, functionaries who take part in the distribution function called as?
13. What are convenience goods?
14. How does advertising confuse the buyers?
15. Name any two schemes available for marketing of convenient goods.
16. For which type of products buyers devote considerable time, to compare the quality, price, style and suitability etc before making the final purchase.
17. Personal selling posses the advantage of flexibility. Why?
18. For which type of goods, people have to pre-plan before the purchase of goods?
19. Name any two examples of specially products.
20. Name the element of marketing mix to be considered as an effective competition weapon.
21. Give one difference between consumer goods and industrial goods.
22. What do you know about Assorting?
23. Mostly consumer goods like soaps, oils, clothes, rice, sugar and pulses are sold by particular level of distribution channel. Name it.
24. What is order processing?
25. Purchase goods worth Rs. 3000 and get a holiday package worth Rs. 3000 free is an example of sales promotion. Name it.
26. Why does publicity not suitable within the control of a marketing firm?
27. Give two examples of direct channels.
28. What is reciprocal buying?
29. Haldiram is selling fast food to the customers, state the name of channel of distribution used by the company.
30. "Advertising is called as on impersonal method of promotion." Comment.

31. Products are offered at discount in order to clear off excess inventory. Name the activity used in sales promotion.
32. According to critics, which tool of promotion may undermine social values and promote materialism?

3/4 Marks

1. How does ‘marketing’ satisfy wants of the people?
2. How does ‘marketing’ help a firm to build its goodwill in the market?
3. Distinguish between Marketing and Selling?
4. Why is price decision so important in marketing?
5. Define branding? What is the purpose of a brand name?
6. What do you mean by marketing management? Explain its objectives.
7. Explain the factors to be considered in pricing decision.
8. Define Advertising? What are its important features?
9. What is meant by labelling? State its important function
10. List characteristics of convenience products.
11. You have invented a ‘Ghee making machine’. Which medium of advertising will you prefer the most for marketing the appliances for this purpose and why?

5/6 Marks

12. Define Packaging? What are the functions of packaging?
13. What is meant by marketing mix? Explain different elements(or components)of marketing mix.
14. Enumerate the different medium of advertising.
15. 'All advertising is a social waste’. Explain
16. ‘It pays to advertise’. Do you agree with the statement ?Give reasons.
17. What is personal selling? Explain its features.
18. What are the methods and tools to improve public relations.
19. Briefly explain the functions of marketing

20. Explain briefly factors determining the choice of channels of distribution.

21. Moon pharmaceutical is a leading company engaged in manufacturing cough syrups. The company packs the syrup first in glass bottles & then in a cardboard box. As the

syrups are demanded all over the world 20 boxes of syrup are packed in corrugated boxes & distributed to various chemists & hospitals.

(i) Identify & define the variable of marketing.

(ii) List its different levels.

(iii) Give the importance of each level.

22. Vandana found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Lick Ltd.. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to a consumer activist group to seek help. The group decided to help Vandana and take measures to impose restrictions on the sale of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Lick Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.

a) Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.

b) Also explain the role of above identified concept by stating any two points.

23. Identify Sales promotion tool from following examples:

1. 100 Gm Bottle of Sauce Free with 1 kg Detergent

2. Take a 2 Night 3 Days Package At the Hotel and Get an Extra Night Stay At Just Rs 500

3. Solve a quiz and win a prize.

4. Car manufacturer's offer to sell a particular brand of car at a discount of Rs.10,000, for a limited period.

5. A shaving cream's offer of '40% Extra'

6. Small free shampoo sachets are attached to newspaper so that customers can try product

7. 'Buy 2 soaps Get 1 Free

8. Return of empty wrapper of toothpaste and get rs 5 off on next purchase
9. Scratch a Card instantly win a prize
10. Purchase goods worth Rs 3000 and get a holiday package worth Rs 3000 free
11. Buy a car in 24 easy instalments, Eight Up Front and 16 To Be Paid as Post Dated Cheques
12. Lucky draw coupon on purchase of easy undergarment and win a car offer

24. Hindustan United Limited is launching Querr instant noodles as part of its strategy to expand the Queer brand, which is so far restricted to soups & a ready to cook range in India. HUL is trying to enter the market by differentiating itself by rolling out Chinese variants of instant noodles instead of the masala flavor that constitutes the bulk of the segment, and with a price tag of Rs 15 a packet compared to its rivals charging Rs 10 - Rs12 for a similar sized pack. The above para describes the combination of variables used by HUL to prepare its market offering. Identify & explain the variables**.**

25. "Every time I travelled, people asked me to bring them chips, khakra and pickles from all over the country," says Anoushka. Finally, she and her colleague, Sumeet, decided to make a business out of it. They launched a facebook page, asked people what they wanted, and they came up with a list of about 100 places and tied up with two dozen vendors to begin with. They were servicing people from Jaipur who wanted spices from Kerala, people from Panipat who wanted halwa from Jammu and people from Delhi who ordered for fresh tea leaves from Darjeeling. Through their business they wished to bridge the gap between sellers and buyers. The business is now worth millions.

Explain any two important activities that Anoushka and Sumeet will have to be involved in for making the goods available to the customers at the right place, in the right quantity and at the right time.

Consumer Protection

Synopsis

1. **Meaning of Consumer Protection** : to protect the consumers against the unfair practices of the producers and sellers is called consumer protection.

2. **Importance of consumer protection** :
   A) <u>From consumers point of view</u>:
      i) Consumers ignorance
      ii) Unorganized consumers.
      iii) Widespread explotation of consumers

   B) <u>From the point of view of business</u> :
   i) Long term interest of business
   ii) Business uses society's resources.
   iii) Social responsibility.
   iv) Moral justification.
   v) Government intervention.

3. **Legal protection to Consumers** :
   i) Consumer protection act 1986
   ii) Contract act 1982
   iii) Sales o goods act 1930
   iv) Essential commodities act 1955
   v) Agricultural produce act 1937
   vi) Prevention o food and adulteration act 1954
   vii) Standards of weights and measure act 1976
   viii) Trademark act 1999
   ix) Beaureau of Indian standard act,1986

4. **Consumer Protection Act ,1986**- CPA: this act seeks to protect and promote the interest of consumers.

5. **Consumers Right** :
   i) Right to safety
   ii) Right to be informed/right to representation

iii) Right to choose.
iv) Right to be heard.
v) Right to seek redressal
vi) Right to consumer education
vii) Right to basic needs
viii) Right to healthy environment.

6. **Consumer's Responsibilities :**
   i) Consumer must exercise his right.
   ii) Cautious consumer do not buy blindly.
   iii) Filing complaint for the redressal of genuine grievances
   iv) Consumer must be quality conscious
   v) Advertisements often exaggerate beware of false advertisement
   vi) Do not forget to get receipt and guarantee
   vii) Do not buy in hurry.

7. **Ways and means of Consumer Protection** :
   i) Self regulation by business
   ii) Business associations
   iii) Consumer awareness
   iv) Consumer organisations
   v) Government

8. **Redressal agencies under CPA**:
   i) District forum : It deals in disputes upto Rs 20 lacs.
   ii) State Commissionit deals in disputes exceeds Rs 20 lacs and upto 1 crore
   iii) National Commission: it deals in disputes exceeding Rs. 1 crore.
9. **Role of Consumers Organizations and Non Government**
10. **Organizations** :
   i) Accelerating consumer awareness
   ii) Collecting data on different products and testing them.
   iii) Filing suit on behalf of consumers.
   iv) Organizing protests against adulteration
   v) Helping educational institutions.
   vi) Promoting network of consumer associations
   vii) Extending support to government.

Assignment Questions

1 Mark

1. Who is a ‘consumer’ under Consumer Protection Act?
2. Name the quality certification work used in gold jewellery items.
3. What does NGO’s and CPC stand for?
4. Name the quality certification work used in case of pure wool 100%.
5. On which day, the world consumer Rights Day is celebrated?
6. X wants claim compensation of rupees 25 Lacs against his dentist. Name the authority where he should go for compensation.
7. National Commission redresses the grievances of what amount?
8. What is the name and symbol used for labelling environment friendly products in India?
9. If Mr. Rohit is not satisfied with the order of the district forum, where he can appeal?
10. Which consumer right suggests the business firms to set up their own consumer service and grievance cell?
11. Which kind of appeals can be taken to Supreme court?
12. Name the right of a consumer which suggests that a consumer be aware of his rights and the remedies available.
13. State any two unfair trade practices for which consumer protections is required.
14. To publish a magazine under the title "Upbhokta Jagran" is an example of which consumer right?
15. List any two consumer organisations engaged in promoting the consumer interest.
16. Anuj bought a diesel car for 5 lakh of rupees from an Automobile dealer and its engine was defective. Despite many complaints the defect was not rectified. Suggest to him the appropriate authority he should where he should file a complaint under the Consumer Protection Act?
17. State the limit for which a complaint can be made to the District forums for the goods or services in questions along with the compensation.
18. Under what circumstances can a PIL be filed?
19. How can a consumer fulfil his responsibility of respecting the environment?
20. What does national commission consist of?

21. Who sets up the state commissions and district forums?
22. Who all can file a complaint before the consumer forum?

3/4 Marks

23. How do lok adalats, Public Interest Litigation and publicity measures help in protecting the consumer?
24. State any four responsibilities of a consumer.
25. Explain the role of press in consumer protection
26. Under what circumstances public interest litigation is filed?
27. Give three points showing the importance of consumer protection from consumer's point of view.
28. Explain the importance of consumer protection from the view point of business
29. Write any 3 features of Consumer Protection act.
30. Explain the role of universities and schools in consumer protection
31. In what type of activities consumer coordinating council is involved?

5/6 Marks

32. Explain in brief, rights of consumers as provided under the Consumer Protection Act, 1986.
33. Explain ways/means of Consumer Protection
34. Explain the role of consumer organizations/ Non government organizations for consumer protection

35. Aman a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started, in which 111 trees are planted every time a girl child is born.

To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels.

Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products.

However, on visiting the village Aman found that the villagers were suffering exploitation at the hands of local merchants who were engaged

in unscrupulous, exploitative trade practices like hoarding and black marketing of food productsand also selling unsafe, adulterated products to the villagers.

After looking at their plight instead of a business organisation he decided to set up an organisation for the protection and promotion of the consumer interest of the villagers.

State the functions that the organisation established by Aman will be performing. (Any six points

36) Himalaya sweet shop is a well known Mithai shop in Gurgaon. Mr Ramkiran, the owner is well respected and has a large number of loyal customers. During Diwali, he could not arrange good quality koya. In order to meet increased demand, he decided to purchase Khoya from local sweet shops. These shops do not use good quality milk and also do not maintain cleanliness while preparing khoya. Mr Ramkriran knew that the khoya he has purchased was adultered but he did not bother about quality.
1)State one responsibility of the consumer while buying sweets
2)Identify the act under which consumers can file a case against Mr Ramkiran

37) Name two social responsibilities that Mr Ramkiran has ignored
On the eve of Diwali Ravi purchased two kilograms of sweets from Nandan Sweets.On consumption of sweets his wife fell sick and was to be hospitalized. Ravi wantedto file a case in the consumer forum but could not do so because he did not have any proof of buying the sweets from Nandan sweets. Name the document that Ravi could had obtained for filing the complaint in the consumer forum**.**

38)Himanshu purchased a new car from 'Galaxy Motors' for Rs. 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.
Can Himanshu appeal against the decision of the State Commission?
Give reason in support of your answer

39)On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further. Can Sonika appeal against the decision of the district forum? Give reason in support of your answers

Part C

Supplementary ,Key Words,MCQ and Board Sample Papers

Reading Material in Business Studies

EFFECTIVE FOR BOARD

EXAMINATION – 2013

CENTRAL BOARD OF SECONDARY EDUCATION

Preet Vihar, Delhi - 110092

UNIT: PLANNING

PLAN

A plan is a specific action proposed to help the organization achieve its objectives. It is a document that outlines how goals are going to be met. The importance of developing Plans is evident from the fact that there may be more than one means of reaching a particular goal. So with the help of logical plans, objectives of an organization could be achieved easily.

SINGLE USE PLANS

Single use plans apply to activities that do not recur or repeat. Single use plan is one time plan specifically designed to achieve particular goal that, once achieved will not recur in the future. Such Plan is developed to meet the needs of a unique situation. The length of a single-use plan differs greatly depending on the project in question, as a single event plan may only last one day while a single project may last weeks or months.

STANDING PLANS – KNOWN AS REPEAT USE PLANS

Standing plans are used over and over again because they focus on organizational situations that occur repeatedly. They are usually made once and retain their value over a period of years while undergoing revisions and updates. That is why they are also called repeated use plans.

OBJECTIVES, STRATEGY, POLICY, PROCEDURE, METHOD, RULE, BUDGET AND PROGRAMME (Please look up NCERT book for them)

UNIT: STAFFING

INDUCTION TRAINING

Induction training is a type of training given to help a new employee in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business. The duration of such type of training may be from a few hours to a few days.

UNIT: DIRECTING

STYLES OF LEADERSHIP

Leadership styles refer to a leader"s behaviour. Behavioural pattern which the leader

reflects in his role as a leader is often described as the style of leadership.

A Leadership style is the result of the leader"s philosophy, personality, and experience and value system. It also depends upon the type of followers and the atmosphere prevailing in the organization.

Different types of leadership style are:

1. Autocratic leadership
2. Participative leadership – Democratic
3. Free rein leadership – Laissez Faire

A leader may use all styles over a period of time but one style tends to predominate as his normal way of using power.

Example Mr. Ulhas, CEO of I Create India, distributes the work for the month. He delegates the work to his staff Ms. Ranju, Ms. Anjana, Ms. Geeta and Mr. Dinesh as per his discretion.

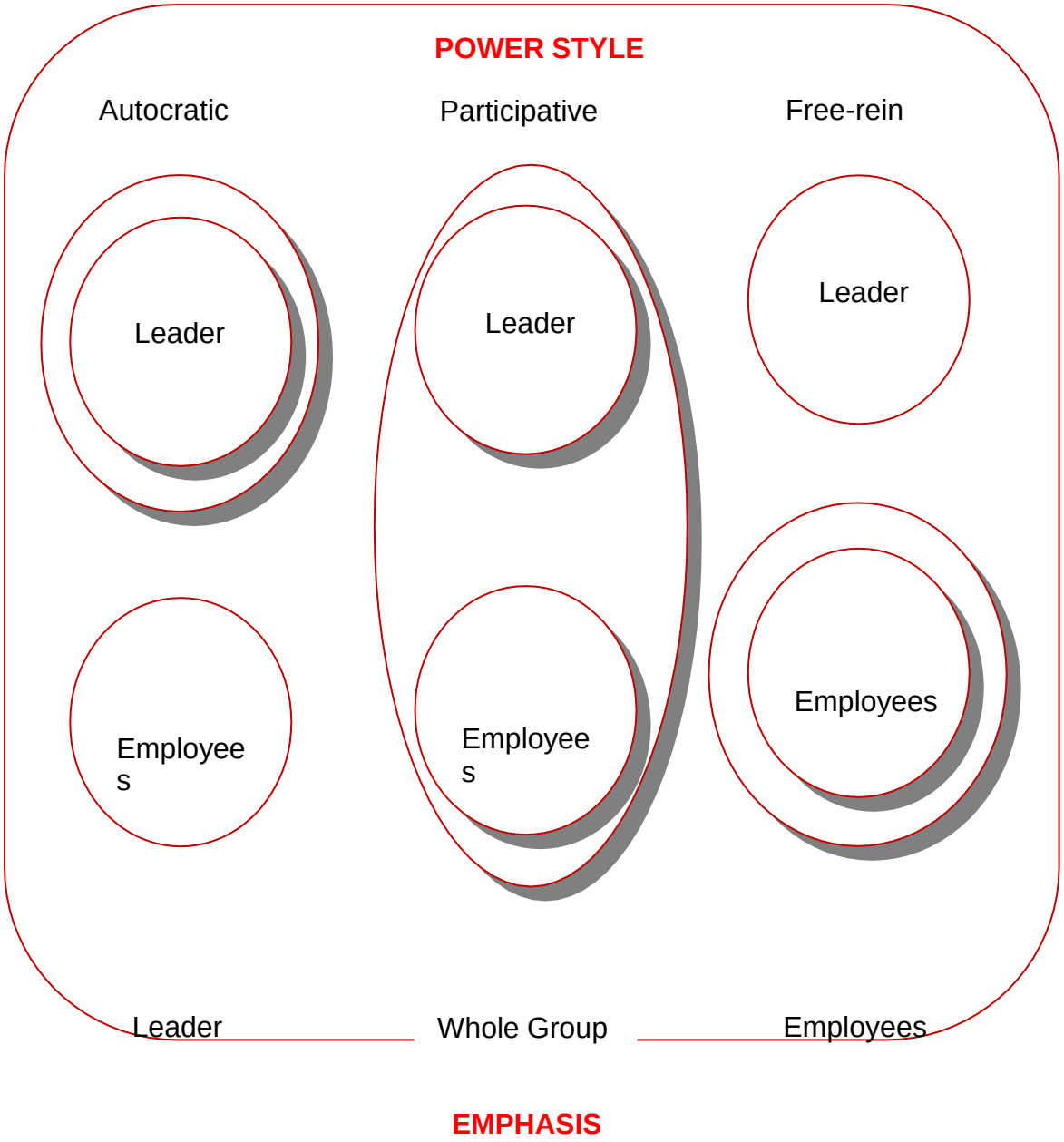
(Mr. Ulhas is behaving as an autocratic leader)

Mr. Ulhas has realized that due to absence of Ms. Geeta, the work will not get over as scheduled. He discusses with his staff members to meet the dead line. Everybody decided to do over time and planned to stay back accordingly.

(Mr. Ulhas is behaving as a democratic leader)

The staff plans to organize a party in honor of Ms. Geeta as she got promoted. Mr. Ulhas asks the other members of staff to fix the venue and the menu for the occasion.

(Mr. Ulhas is behaving as a free rein leader)



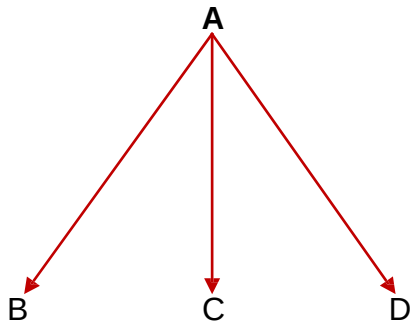
AUTOCRATIC OR AUTHORITARIAN LEADER

An autocratic leader gives orders and insists that they are obeyed. He determines the policies for the group without consulting them.

He does not give information about future plans but simply tells the group what immediate steps they must take.

Under this style, all decision making power is centralized in the leader as shown in the diagram. He does not give the subordinates any freedom to influence his decision.

It is like "bossing people around." This style should normally be used on rare occasions.



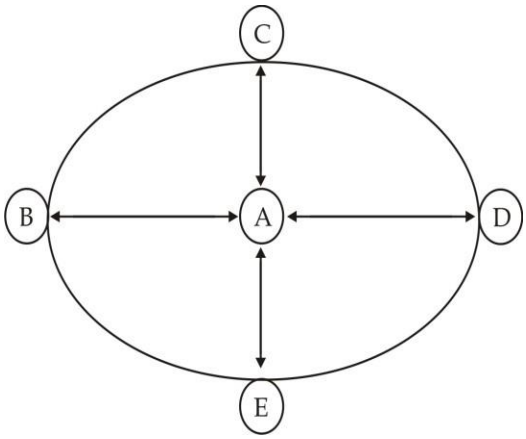
A is the leader – Boss – Centered – Leadership

PARTICIPATIVE OR DEMOCRATIC LEADER

A democratic leader gives order only after consulting the group and works out the policies with the acceptance of the group.

He never asks people to do things without working out the long term plans on which they are working. He favours decision making by the group as shown in the diagram. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.

Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.



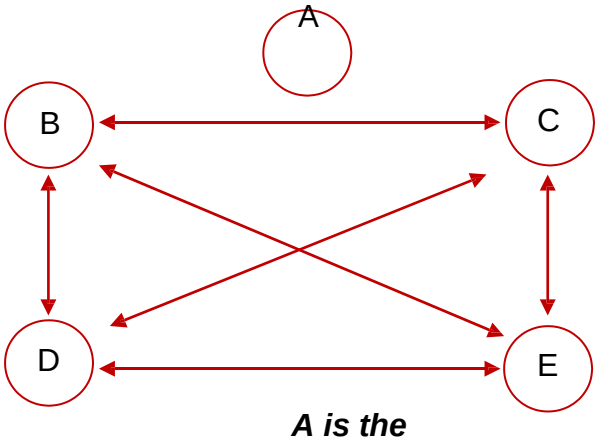
A is the leader – Group Centered – Leadership

FREE REIN OR LAISSEZ FAIRE LEADER

A free rein leader gives complete **freedom to the subordinates.** Such a **leader avoids use of power.** He depends largely upon the group to establish its own goals and work out its own problems. Group members work themselves as per their own choice and competence.

The leader exists as a contact man with the outsiders to bring information and the **resources the group requires for accomplishing the job.**

NOTE: This is also known as laissez faire which means no interference in the affairs of others. [French: laissesz means to let / allow and faire means to do.]



A is the leader

Leadership is Subordinate – Centered – Leadership

UNIT: CONTROLLING

NATURE OF 047

1. Controlling is a goal oriented function.
2. Controlling is an all pervasive (Top, middle and Operational Level) function.
3. Controlling is both a backward looking as well as forward looking function.
4. Controlling is a continuous function.

UNIT: MARKETING MANAGEMENT

PUBLIC RELATIONS - CONCEPT

The concept of Public Relations involves a variety of programmes to promote and protect a company‟s image or its products. It means to strengthen relations with various stake holders like customers, shareholders, employees, suppliers, investors etc. It is done through – news, speeches by corporate leaders, organizing events like sports events, concerts, seminars etc.

„**Public Association Relations'** defined public relations as " The art and social science of analyzing trends, predicting their consequences, counseling organizational leaders and implementing planned programme of action which will serve both the organization and the public interest."

"The Chartered Institute of Public Relations" defines Public Relations as „a strategic management function that adds value to an organization by helping it to manage its reputation;

Public relations covers a wide range of tactics, usually involve providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact.

Traditional Public Relation Tools include- Press release and Press Kits which are distributed to the media to generate interest from the Press.

Other widely known Tools include- Brochures, Newsletters and Annual Reports.

Role: (i) Smooth functioning of business and achievement of objectives.

(ii) Building corporate image that affects favorably on its products.

– Up keep of parks, gardens, sponsoring sports activities etc.

(iii) Build interest in the established product and help in launching Products.

QUALITIES OF A GOOD SALESMAN

1. Physical qualities: Good looking, healthy,
2. Psychological qualities: Sweet natured, Good behavior, mentally healthy,
3. Technical quality: Full technical knowledge about the product,
4. Good communication skills,
5. Honesty,
6. Courtesy,
7. Persistent,
8. Capacity to inspire trust.

UNIT: FINANCIAL MARKETS

TRADING PROCEDURE ON A STOCK EXCHANGE

The procedure for purchase and sale of securities in a stock exchange involves the following steps:

1. Selection of a broker

The first step is to select a broker who will buy / sell securities on behalf of the speculator/ investor. This is necessary because trading of securities can only be

done through SEBI registered brokers who are the members of a stock exchange. Brokers may be individuals, partnership firms or corporate bodies.

2. Opening demat account with Depository

The next step is to open a demat account. Demat (Dematerialized) account refers to an account which an Indian citizen must open with the depository participant (banks, stockbrokers) to trade in listed securities in electronic form.

The securities are held in the electronic form by a depository. „Depository" is an institution / organization which holds securities (e.g. shares, debentures, bonds, mutual funds etc.) in electronic form, in which trading is done. At present there are two depositories in India: NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services Ltd.)

Depository interacts with the investor through depository participants. PDS are agents – Stock brokers. Your Depository participant will maintain your securities account balances and intimate to you the status of your holding from time to time.

3. Placing the order

The next step is to place the order with the broker. The order can be communicated to the broker either personally or through telephone, cell phone, e-mail etc.

The instructions should specify the securities to be bought or sold and the price range within which the order is to be executed. Only the securities of listed companies can be traded on the stock exchange.

4. Executing the order

According to the instructions of the investor, the broker buys or sells securities.

The broker then issues a contract note. A copy of the contract note contains the name and the price of securities, names of the parties, brokerage charges. It is signed by the broker.

5. Settlement

This is the last stage in the trading of securities done by the brokers on behalf of their clients. The mode of settlement depends upon the nature of the contract.

Equity spot markets follow a T + 2 rolling settlement. This means that any trade taking place on Monday gets settled by Wednesday. All trading on stock exchanges takes place between 9:55 am and 3:30 pm, Indian Standard Time, Monday to Friday. Delivery of shares must be made in decartelized form, and each exchange has its own clearing house, which assumes all settlement risk.

UNIT: CONSUMER PROTECTION

AGAINST WHOM A COMPLAINT CAN BE FILED

1. The seller, manufacturer or dealer of goods which are defective.

   „Defect" means any fault, imperfection or shortcoming in the Quality, quantity or purity of goods.

2. The provider of services if they are deficient in any manner.

   „Deficiency" means any imperfection, shortcoming or Inadequacy in the quality, nature and manner of performance of Services

KEY WORD

CHAPTER- NATURE AND SIGNIFICANCE OF MANAGEMENT

S.No.	CONCEPTS	KEYWORDS
1	**Management**	Deliberate process Group Activity Term used for taking charge of different activities Guiding activity for achievement of goals Concerned with efficient use of resources.
2	**Effectiveness**	Finishing the task Doing right task Completing activities Concerned with end result.
3	**Efficiency**	Doing the task correctly Minimum cost Cost-benefit analysis Less input more output.
4	**Input Resources**	Money, Materials, Equipments and persons
5	**Poor management results in**	Inefficiency and ineffectiveness
6	**Nature of Management**	Art or Science or Profession
7	**Management as an Art**	Observation Experience Personalised application
8	**Management as Science**	Systemised body of knowledge Experimentation Universal validity
9	**Management as Profession**	Emphasis on managed business concerns
10	**Levels of Management**	Hierarchy Authority-responsibility relationship

11	**Co-ordination**	Process Synchronize Force Common thread Minimum of conflict Integration of efforts

CHAPTER- PRINCIPLES OF MANAGEMENT

S.No.	CONCEPTS	KEYWORDS
	Principles of Management	Broad guidelines
Functions of Scientific Management		
1	**Science, Not rule of thumb**	• Method of Scientific enquiry • **One best method** developed through study and analysis • Investigation of traditional methods
2	**Harmony, Not Discord**	• 'Get work done' from the workers • Kind of class conflict • Mental Revolution • Prosperity for employer accompanied by prosperity of employees
3	**Co-operation, Not Individualism**	• Complete co-operation b/w workers and management • Competition replaced by co-operation • Reward for suggestions • Paternalistic style of management
4	**Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity**	• Workers' training • Scientific selection of workers • Work assigned should suit capabilities.
Techniques of Scientific Management		
1	**Functional Foremanship**	• Improving factory set up. • Separation of Planning and Execution. • Shop Floor. • Extension of Principle of Division of Work and Specialisation. • Eight specialists.

2	**Standardisation**	• Process of setting standards. • Benchmarks. • To reduce given line or product to fixed types. • To establish interchange ability.
3	**Simplification**	• Eliminating superfluous varieties, sizes and dimensions Eliminating unnecessary diversity of products. • Results in saving of cost of labour, reduced inventories, fuller utilization and increase turnover.
4	**Method Study**	• Find one best way of doing the job. • Concept of assembly line. • Objective is to minimise the cost of production and maximize quality and satisfaction of customer.
5	**Motion Study**	• Study of movements like lifting, putting objects, sitting and changing positions. • Eliminating unnecessary movements. • Use of stop watches, symbols, colours to identify different motions.
6	**Time study**	• Standard time for task. • Objective is to determine number of workers to be employed; frame suitable incentive schemes and determine labour costs.
7	**Fatigue study**	• Rest while working. • Regain stamina. • Objective is to determine the amount and frequency of rest intervals.
8	**Differential Piece Wage System**	Differentiate efficient and inefficient workers.
9	**Mental Revolution**	Change in the attitude of workers and management. Aim to increase size of surplus.
14 Principles of Management by Henry Fayol		

1	**Division of Work**	• Work divided into small tasks. • Competent specialist is required. • Leads to specialization. • Increase in efficiency effective output. • This principle is all pervasive.
2	**Authority and Responsibility**	• Balance b/w authority and responsibility. • Manager have right to punish for willfully not obeying a legitimate order.
3	**Discipline**	• Obedience to organizational rules. • Employment agreement. • Good superiors at all levels. • Clear and fair agreements.

		Judicious application of penalties. Honor commitments without prejudice.
4	**Unity of Command**	One boss for every employee. Order from one superior. Dual subordination should be avoided.
5	**Unity of Direction**	Common objectives through coordinated and focused efforts. One head one plan. Unity of action and co-ordination. Each division should have its own incharge.
6	**Subordination of individual interest to General Interest**	Larger interests of workers and stakeholders are more important that interest of any one person. Manager should not misuse his power for any individual.
7	**Remuneration of employees**	Fair pay and compensation. Giving reasonable standard of living. Just and equitable remuneration. Helps in congenial atmosphere and good relations.
8	**Centralization and Decentralisation**	Concentration of authority is centralization. Managers' retention of final authority through centralization. Dispersal of authority among more than one person is Decentralisation. Balance subordinate involvement through decentralisation. Panchayats is example of decentralisation at National level.

9	**Scalar chain**	A formal line of authority from highest to lowest ranks is called Scalar Chain.
		Chain of authority and communication. Gang plank (shorter route for communication)in case of emergency.
10	**Order**	A place for everything and everything in place. Helps in increased production and efficiency. People and Materials at right place. Orderliness
11	**Equity**	Fair and equal treatment with all employees. Kindliness and justice in the behaviour of manager. Increase in loyalty and devotion. No discrimination on the basis of caste, creed, age etc.
12	**Stability of Personnel**	Minimise employee turnover. Selection of employees after due and rigorous process. Stability of tenure. No adhocism. High cost of recruitment, selection and training.
13	**Initiative**	Taking first step with self-motivation. Thinking out and executing the plan. Employee suggestion system resulting in decrease in cost and time. Rewards to employee for suggestion.
14	**Espirit De Corps**	Team spirit of unity and harmony. Replace ‘I’ with ‘we’. Mutual trust and belongingness.

CH- BUSINESS ENVIRONMENT

S.NO.	CONCEPT	KEYWORDS
1	**Business Environment**	Sum total of all individuals and forces.
Importance of business environment		
1	**First mover advantage**	• Early identification of opportunities. • First to exploit opportunities.
2	**Identify threats and early warning signals**	• Threats refer to external env. trends and changes that hinder firm's performance. • Environmental awareness.
3	**Tapping useful resources**	• Assemble various resources. • Convert input resources into output.
4	**Coping with rapid changes**	• Turbulent market conditions, Less brand loyalty, Fragmentation (division) of markets. • Increasing dynamic environment. • Examine environment and develop suitable course of action.
5	**Assisting in planning and policy formulation**	• Deciding future course of action (planning). • Training guidelines for decision making (policy). • Think afresh about how to deal with situation.
6	**Improving performance**	• Continuous monitoring of environment. • Understanding business environment to make a difference in performance.
Dimensions of business environment		
1	**Economic**	Interest rates, price, income, rate of growth.
2	**Social**	Life expectancy, birth rate/death rate, quality of life, population shifts, family, habits, traditions, values, education, literacy rate.

3	**Technological**	New methods/techniques, new ways of production, scientific improvements and innovations.
4	**Legal**	Legal Act, Court order, legal regulations, statutory warning on products like cigarettes or tobacco etc.
5	**political**	Government policies, elected government decisions, political conditions, attitude of government etc.
	<u>Demonetisation</u>	The Government of India, made an announcement on November 8, 2016. The two largest denomination notes, Rs.500 and Rs.1,000 were 'demonetised'. Ceasing to be legal tender except for a few specified purposes such as paying utility bills.
	Aim	The aim of demonetisation was to curb--- ❖ corruption ❖ counterfeiting the use of high denomination notes for illegal activities; ❖ Accumulation of 'black money' generated by income that has not been declared to the tax authorities.
	Features	Demonetisation is viewed as a tax administration measure. Demonetisation also indicates that tax evasion will no longer be tolerated or accepted. Demonetisation also led to tax administration channelizing savings into the formal financial system. Another feature of demonetisation is to create a less-cash or cash-lite economy, **i.e., channeling more savings through the formal financial system and improving tax compliance.**
Impact of demonetisation		

	Money/Interest rates	• Decline in cash transactions. • Bank deposits increased.
		Increase in financial savings.
	Private wealth	Declined since some high demonetised notes were not returned and real estate prices fell.
	Public sector wealth	No effect
	Digitisation	Digital transactions amongst new users (RuPay/AEPS) increased
	Real estate	Prices declined
	Tax collection	Rise in income tax collection because of increased disclosure

CHAPTER- PLANNING

	CONCEPT	KEYWORDS
1	**Planning**	A process Function of management. Formulate an idea to do work. Concerned with both ends and means. Choosing best alternative course of action. Deciding in advance what to do and how to do. Planning process is structuring the work.
2	**Premises**	Assumptions are called premises. Assumptions are the base material upon which plans are made.
<u>Types of plans</u>		
	Single Use Plans	• Plan developed for <u>one time event or Project</u>. • Not likely to repeat in future. • Budgets, programmes, projects

	Standing Plan	• Plan for activities that occur regularly. • Repeatedly used plans. • Policies, Procedures, Rules, Methods.
1	**Objective**	• Neither single-use nor standing plan. • End points OR end results. • Plans set by Top Management. • Serve as guide for overall planning. • Expressed in Specific terms like increase in 20% sales. • Define future state of affairs.
2	**Strategy (Dimensions)** • **Determining long term objectives.** • **Adopting particular course of action.** • **Allocating resources necessary to achieve objectives.**	• Neither single-use nor standing plan. • Broad Contours • Comprehensive plan. • Future decisions defining orgranisations' direction and

		scope in the long run.
3	**Policy**	General statements Basis for interpreting and implementing strategy. Guides to managerial action. Broad parameters Recruitment policy, pricing policy, purchase policy etc.
4	**Procedure**	Routine steps. Procedures detail exact manner to perform task. Chronological order. Specified steps. Procedures are meant for insiders to follow. Sequence of steps or action to attain pre-determined objectives. Procedures are steps to be carried out within a broad policy framework.
5	**Method**	Prescribed ways or manner. It comprises one step of a procedure. Training methods, selection method, orientation programmes method, lecture method or seminar method.
6	**Rule**	Specific statements that inform what is to be done. No flexibility Simplest type of plan. No compromise or change in rule unless policy decision is taken.
7	**Programme**	Detailed statements Outlines objectives, policies, procedures, rules, budget and human and physical resources. The minutest details are worked out.
8	**Budget**	Statement of expected results expressed in numerical terms. Plan which quantifies future facts and figures.

CHAPTER- ORGANISING

	CONCEPT	KEYWORDS
1.	**Organising**	A process Function of management Process that co-ordinates human efforts, assemble resources and integrate both. Process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources.
2	**Departmentalisation**	Process of grouping together similar activities.
3	**Organisation Structure**	Framework that specifies relationship b/w people, work and resources.
4	**Span of Management**	No. of subordinates that can be effectively managed by a superior.
5	**Functional Organisation Structure**	Grouping of jobs of similar nature. Separate departments. Leads to occupational specialisation. Minimum duplication of work. Suitable when size of org. is large, has **diversified activities** and operations and high degree of specialisation.
6	**Divisional Organisation Structure**	More than one category of product. Set of homogenous functions. Separate business units or divisions. **Within each Division, *functional structure* is adopted**. Product specialisation Suitable for business where a large variety of products is manufactured, when an org. grows, need more employees, create more departments, and introduce new levels of management.

7	**Formal organisation**	Guided by rules and regulations Job description
		Org. structure deliberately designed by the management. Specifies clear boundaries of authority and responsibilities. **Formal org. can be *Functional or Divisional*.** Procedural delays
8	**Informal organisation**	Network of **social relationships** among employees. Emerges within Formal Organisation. No defined roles. No fixed lines of communication. Spontaneous Interpersonal relations Grapevine structure
9	**Delegation**	Downward transfer of authority from superior to subordinate. Manager extends his area of operations. *Delegation does not mean* ***abdication.*** **It means manager shall still be accountable for the performance of assigned tasks.** Authority can be taken back and re-delegated to someone else.
10	**Elements of delegation**	**Authority** (right to command or power to take decisions) (flows downwards) (can be delegated) **Responsibility** (obligation to do task) (flows upwards),(can't be entirely delegated). **Accountability** (answerability) (can't be delegated)(flows upward)
11	**Decentralisation**	Manner in which decision making responsibilities are divided among hierarchal levels. Dispersal of authority through entire organisation.

		▯ Propagates that employees are competent, capable and resourceful. ▯ Extension of delegation to the lowest level of management. ▯ **Decentralisation is a *policy decision*** of the Top management.

12 CHAPTER- STAFFING

	CONCEPT	KEYWORDS
1	**Staffing**	▯ A continuous process ▯ Generic Function of management ▯ Putting people to jobs ▯ Work force ▯ Filling and keeping filled the positions in the organisation structure.
2	**Why staffing is continuous process?**	▯ Because new jobs may be created and some of the existing employees may leave the organisation.
3	**Why HRM is needed?**	▯ As organisations grow and number of persons employed increases, a separate department called HRD is formed.
4	**Why Staffing is both a line as well as staff activity?**	▯ Because it is an essential function of manager as well as an advisory role played by the HRD.
5	**Workload analysis**	▯ Assessment of number and types of human resources required.
6	**Workforce analysis**	▯ To reveal the number and type of human resources actually available.
7	**Recruitment**	▯ Positive process of searching for prospective employees and stimulating them to apply for the jobs.

8	**Selection <u>Purposes</u>:** • **Ensures org. gets the best among the available.** • **Enhances the prestige of those selected and conveys to them the seriousness with which things are done in the org.**	▯ Negative process because it involves rejection. ▯ Choosing from among pool of the prospective job candidates through interviews and tests.

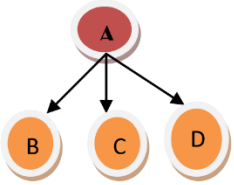
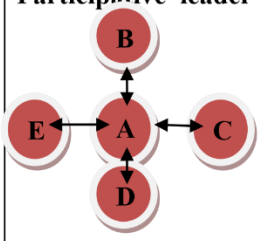
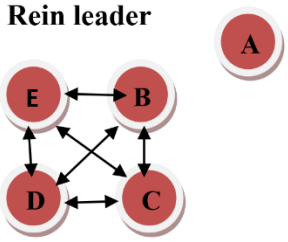
9	**Placement**	Employee occupying the position or post for which he has been selected.
10	**Orientation**	▯ Introducing the selected employee to other employees and familiarizing him with the rules and policies of the org.
11	**Training and Development**	▯ Upgrade or alter the skills. ▯ Attempt to improve current or future performance, attitude and skills of employee. ▯ Development means growth of individual in all respects.
12	**Performance appraisal**	▯ Evaluating employees' past or current performance against predetermined standards.
13	**Promotion**	▯ Placed in positions of increased responsibility.
14	**Compensation**	▯ All forms of pay or rewards going to employees through direct or indirect payments.
15	**Process of Recruitment**	▯ Identification of different sources of labour supply. ▯ Assessment of the validity. ▯ Choosing the most suitable source. ▯ Inviting applications from the prospective candidates.
16	**Transfer**	▯ Shifting of an employee from one job to another or one department to another
17	**Intelligence tests**	▯ To measure level of intelligence quotient of an individual. ▯ Indicator of person's learning ability. ▯ Ability to make decisions and judgments.
18	**Aptitude tests**	▯ To measure individuals' potential for learning new skills.

		Indicates persons' capacity to develop or grow. To judge person's future success score.
19	**Personality tests**	Provide clue to a person's emotions, reactions, maturity and value system etc. Probes the overall personality. Tests are difficult to design and implement.
20	**Trade tests**	Measure existing skills of the individual. Measure level of knowledge and proficiency in the area of technical training.
21	**Interest tests**	To know the pattern of interests or involvement of a person.
22	**On the Job Training Methods**	Apprenticeship training Coaching Internship Training Job Rotation
23	**Off the Job Training Methods**	Classroom Lectures/ Conference Films Case Study Computer Modeling Vestibule Training Programmed Instruction
24	**Apprenticeship training**	To acquire higher level of skill. For plumbers, technicians, electricians or iron-workers. Spend prescribed time with experienced guide or trainer.

		▯ Slow learners may require additional training.
25	**Coaching**	▯ Superior guides trainee as a coach. ▯ Trainee works directly with a senior mgr. ▯ Trainee is groomed to replace the Senior Manager and relieve him from some of his duties.
26	**Internship Training**	Joint programme of educational institutes and business firms. ▯ To acquire practical knowledge and skills. ▯ Doctors and C.As.
27	**Job Rotation**	▯ Shifting of trainee from one deptt. to another deptt. ▯ To gain a broader understanding of all parts of business as a whole. ▯ Org. finds it easier to promote or replace or transfer of employees.
28	**Vestibule Training**	▯ Away from actual work place. ▯ Actual work environment is created in a classroom where trainees work using same materials, files and equipments.

13 CHAPTER- DIRECTING

S.NO.	CONCEPT	KEYWORDS
1	**Directing (Function of management**	Managerial Process of instructing,guiding, counseling, motivating and leading the people.
2	**Principles of Directing**	Maximum Individual Contribution Harmony of Objectives Unity of Command Appropriateness of directing techniques Managerial communication Use of informal communication Leadership Follow through
3	**Elements of directing**	Supervision Motivation Leadership Communication
4	**Supervision**	Element of directing Function performed by supervisors Process of overseeing or monitor workers' performance.
5	**Motivation**	Element of directing Internal feeling Complex process of stimulating or inspiring people Positive or negative motivation.
6	**Motivation process**	Unsatisfied need→ Tension → Drives→Search Behaviour→satisfied needs → Reduction of Tension.
7	**Leadership**	Influencing the behaviour of people.

8	**Leadership style**	▯ Autocratic or Authoritarian leader ▯ Democratic or Participative leader ▯ Laissez faire or Free-Rein leader
9	**Autocratic or Authoritarian leader**  	• Boss centered approach (**A is the leader and others are subordinates)** • Only one way communication. • Leader gives orders and expects subordinates to obey the orders. • Leader is DOGMATIC i.e. does not wish to be contradicted. • Based on assumption that both reward and punishment can be given. • Only boss (Supervisor) is responsible for production on time • Quick decision making. • Listen to everyone's ideas but decision will be their own.
10	**Democratic or Participative leader**  	• Group Centered Approach • Leader develops action plans. • Leader takes decision in consultation with his subordinates. • Encourage subordinates to participate. • Based on the assumption that People perform best if they have set their own objectives. • Respect others' opinion and support subordinates • Leader exercise more control by using forces within the group.
11	**Laissez faire or Free-Rein leader**  	• Subordinate Centered Approach • Leader does not believe in the use of power unless essential. • Followers/ subordinates are given high degree of independence to make their own objectives. • The group members work on their own tasks and solve issues themselves. • Manager only supports them and provides required information to subordinates. • Subordinate assumes responsibility for the work to be done.
12	**Communication**	• Process of exchange of ideas, views, facts, feelings etc to reach common understanding.
13	**Barriers of Communication**	• Semantic barriers • Psychological barriers • Organizational barriers

		Personal barriers
14	**<u>Semantic barriers</u>**	Branch of linguistics dealing with meaning of words and sentences. Problems in the process of encoding and decoding of message into words.
	Badly expressed Message	Inadequate vocabulary. Usage of wrong words. Omission of needed words.
	Symbols with different meanings	Word having several meanings. Wrong perception
	Faulty translations	Difficulty in understanding language.
	Unclarified assumptions	Implied instructions. Like 'take care of guest' means all things should be considered while welcoming guest whether said or not.
	Technical jargon	Use of technical words
	Body language and gesture decoding	Body movement and gestures wrongly perceived.
15	**<u>Psychological barriers</u>**	Emotional factors (worry, anger, confusion)
	Premature evaluation	Evaluate message before listening complete message. Pre-conceived notions or prejudices against the communication.
	Lack of attention	Pre-occupied mind of receiver Non-listening of message.
	Loss by transmission and poor retention	Communication passing through various levels, Successive transmission of message results in loss of or transmission of inaccurate information.
	Distrust	If sender do not believe receiver or vice versa, then they can't understand each other in original sense.

16	**<u>Organisational barriers</u>**	Factors related to org. structure Authority relationships, Rules and regulations
	Organizational policy	Highly centralised pattern in an org. makes communication difficult.
	Rules and regulations	Rigid rules and cumbersome procedures Prescribed channel may result in delayed communication.
	Status	Status cause psychological distance b/w sender and receiver. Conscious man may not allow subordinate to express freely.
	Complexity in organizational structure	Large number of managerial levels. Delayed and distorted due to large number of filtering points.
	Organizational facilities	Lack of frequent meetings, Suggestion box, Complaint box, Social-cultural gathering, Transparency in operations etc.
17	**<u>Personal barriers</u>**	Personal factors of both sender and receiver.
	Fear of challenge to authority	**If superior** perceives (thinks) that a particular communication may **adversely affect his authority.**
	Lack of confidence of superior on his subordinates	Superior does not have confidence on competency of his subordinates. Does not ask their advice or opinions.
	Unwillingness to communicate	**If subordinate** perceives that a particular communication **may adversely affect their interests**.
	Lack of proper incentives	Employees lack initiative due to no motivation or no incentive. No reward and no appreciation for employees' suggestions.

CHAPTER- CONTROLLING

	CONCEPT	KEYWORDS	
	Controlling	Process Function of management Ensuring that activities are performed as per plans. Controlling completes one cycle of management process and improves planning in the next cycle. It should not be understood as last function of management. Brings to light the deviations. Corrective action.	
	Relationship b/w Planning and Controlling	Planning and Controlling are inseparable twins of management.	
	Planning without Controlling is meaningless	Once a plan becomes operational, controlling is necessary to monitor the progress, discover deviations and initiate corrective measures to ensure that events conform to plans.	
	Controlling is blind without planning	If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling.	
	Planning is pre-requisite for controlling	Controlling could not be accomplished without planning.	
	Difference b/w Planning and Controlling	Planning is intellectual process involving thinking, articulation and analysis	• Controlling checks whether decisions have been translated into desired action. • Controlling is evaluative.

		to prescribe appropriate course of action. Planning is prescriptive.	
	Planning is looking ahead while controlling is looking back	• The statement is partially correct. • Plans are prepared for future and are based on forecasts about future conditions. Thus it is forward looking. • Controlling is like a postmortem of past activities to find out deviations from the standards. Thus, Controlling is backward looking.	
	Planning is backward looking	Planning is guided by past experiences.	
	Controlling is forward looking	Controlling aims to improve future performance by corrective action.	
	<u>Conclusion</u>- Thus Planning and Controlling, both are forward looking and backward looking functions of management. **Planning and Controlling are inter-related and reinforce each other.**		
	Critical Point Control	• Key Result Areas (KRA) is set as the critical points. • If anything goes wrong at the critical points, the entire organisation suffers. • Focus on KRAs.	

	Management by Exception	• Attempt to control everything results in controlling nothing. • Significant deviations which go beyond permissible limit should be taken care of. • Insignificant deviations may be ignored. • Deviations within permissible limit can be ignored.
	Advantages of Critical Point Control	• Saves time and efforts of managers. • Focuses managerial attention on important areas. • Mgt. by Exception facilitates delegation of authority and increases morale of employees. • Identifies critical problems which need timely action.

CHAPTER- FINANCIAL MANAGEMENT

S.N	CONCEPTS	KEYWORDS
1	**Business Finance**	Money required carrying out business activities. Finance is required to establish a business, to run it, to expand it, to modernize it, or to diversify it.
2	**Financial Management**	It is concerned with *optimal procurement as well as the usage of finance.* It **aims at** reducing the costs of funds procured, keeping the risk under control and achieving effective deployment of funds. It **also aims at** ensuring availability of enough funds whenever required and avoiding idle funds.
3	**Objective of Financial Mgt.**	To maximize Shareholders' Wealth. Shareholders' Wealth = No. of Equity Shares X Market value of shares.

4	**Poor Financial Decisions**	Decisions which result in decrease in M.V. of shares.
5	**Decision making is efficient**	When out of various available alternatives, the best is selected.
6	**Financial decisions**	
	Investment Decisions	Concerned with decisions relating to **investment in assets.** These decisions include- ❖ Capital Budgeting Decisions ❖ Working Capital Investment Decisions
	Capital Budgeting Decisions	Long term investment decision. Huge amount of Investment Irreversible decisions. **e.g Replace an existing fixed asset, purchase of new fixed asset.**
	Working Capital Investment Decisions	Short term Investment Decisions. Concerned with the decisions about **levels of cash, inventory and receivables.** Affect day- to- day working of a business.
	Financing Decisions	It is concerned with **quantum of finance** to be raised from various long term sources. ***Short term sources are studied under Working Capital Management.*** Main sources are Owned Funds and Borrowed Funds.
		A firm has to decide the proportion of funds to be raised from either source.
	Dividend Decision	It is concerned with how much of the profit is to be distributed to the shareholders and how much should be retained in the business.
7	**Financial Risk**	The risk of default of payment is called financial risk.
8	**Floatation Cost**	The cost of raising funds is called floatation cost.
9	**Financial Planning**	**The process** of estimating fund requirement of a business and specifying the sources of funds is called financial planning. **Blueprint** of an organisaton's future operations. Proper matching of **fund requirements** and their availability.

10	**Objectives of Financial Planning**	To ensure availability of funds whenever required. To see that the firm does not raise resources unnecessarily.
11	**Capital Structure**	It refers to mix between owners' funds and borrowed funds.
12	**Financial Leverage**	The proportion of debt in the overall capital is called financial leverage.
13	**Trading on Equity**	It refers to the increase in EPS due to use of debt.

CHAPTER- FINANCIAL MARKETS

.No.	CONCEPTS	KEYWORDS
1	Financial Markets	A financial market is a market for the creation and exchange of financial assets.
2	Money market	Deals in **short term securities** maturing in less than one year. Treasury bills, Commercial papers, Certificates of Deposits, Call Money and Commercial bill.
3	Capital market	Deals in long term securities maturing in more than one year like Equity shares, Preference shares, Debentures etc.
4	Primary Market	Also known as **New Issue Market.** Deals with new securities being issued for the first time.
5	Secondary Market	It is a market for sale and purchase of existing securities.
6	Stock Exchange	It is an institution which provides a platform for buying and selling of existing securities.
7	Dematerialistaion	The **process** of holding securities in an electronic form is called Dematerialistaion.
8	Depository	Depository is like a bank and keeps securities in electronic form on behalf of the investor.

CHAPTER-MARKETING

S.No.	CONCEPTS	KEYWORDS
1	**Market (traditional sense)**	Place where buyers and sellers gather to enter into transactions involving exchange of goods and services.
2	**Market (modern sense)**	It refers to set of actual and potential buyers of a product or a service.
3	**Marketing (traditional sense)**	It referred to as performance of business activities that direct the flow of goods and services from producers and consumers.

4	**Marketing (modern sense)**	Marketing is a *social process* wherein people interact with others, in order to act in a particular way, rather than forcing them to do so.
6	**Marketing Activities**	Product designing or merchandising Packaging, warehousing, transportation, packaging, selling and distribution, advertising and pricing.
10	**Marketing management**	Choosing a target market. Focus on ***getting, keeping and growing*** the customers. (creating demand) Creating and developing superior values for customers.
13	**Marketing Philosophies**	
	The Production Concept	Problem was number of producers were limited. Focus on production of goods at large scale and reducing average cost of production.
	The Product Concept	Mere availability and low price could not ensure increased sale. Emphasis was shifted from quantity of products to quality of products.
	The Selling Concept	The product quality and availability did not ensure the survival and growth of firms anymore. It was assumed customers will not but unless they are convinced and motivated. Focus on aggressive selling and promotional techniques.
	The Marketing Concept	It assumes that in long run profits maximization can be done by **identifying the needs of prospective buyers and satisfying them.**

		Focus on Customers' satisfaction. Role of firm is to ***'identify a need and fill it'***.
	The Societal Marketing Concept	• Extension of marketing concept. • Any activity which satisfies human needs but is detrimental to the interests of the society cannot be justified. • Long term welfare of society.
14	**Marketing Mix**	• The Combination of controllable variables chosen by a firm to prepare its market offering is called Marketing Mix. • Marketing mix can be described as set of marketing tools that a firm uses to achieve its marketing objectives in a target market.
15	**Elements of Marketing Mix**	Product Mix Price Mix Place or Physical Distribution Mix Promotion Mix.
16	**Product Mix**	• Product means goods or services or **'anything of value' or tangible and intangible attributes of a product** which is offered to the market for sale. • Product is offered *for attention, acquisition, use or consumption.*
17	**Branding**	The **<u>process</u>** of giving a name or sign or a symbol etc. to a product is called branding.
18	**Packaging**	**<u>Act</u>** of designing and producing the container or wrapper of a product.

19	**Labelling**	**Process** of indicating and providing detailed information about the product, its contents, brand name, method of use, ingredients etc.
20	**Price Mix**	• Price money represents **the sum of values that consumers exchange for the benefit of having or using the product**. • Price may be defined as the amount of money paid by a buyer in consideration of the purchase of a product or a service. • Pricing is used as a regulator of the demand of the product. • **Price is the single most important factor** affecting the revenue and profits of the firm.
21	**Physical Distribution Mix**	It is **concerned with making the goods and services available at the right place**, so the people can purchase the same.
		There are **two decisions** relating to this aspect- ❖ Physical movement of goods and services from producers to consumers. ❖ Channels or intermediaries in the distribution process.
22	**Promotion mix**	Promotion refers to the use of **tools of communication** with the twin objectives of a) **informing potential customers** about the product and b) **Persuading** them to purchase it.
23	**Sales Promotion Techniques**	

	Rebate	Offering products at special prices **to clear off excess inventory.** Discount of Rs.10000 for a limited period.
	Discount	**Offering products at less than list price**. E.g. discount upto 50% ot 50+40% discount.
	Refunds	• Refunding a part of price paid by customer **on some proof of purchase.** • Commonly **used by food companies** to increase their sales. • e.g return of empty wrapper etc.
	Product combinations	• Offering **another product as gift** along with the purchase of a product. • E.g. ½ kg rice with a bag of 5 kg atta.
	Quantity gift	• Offering extra quantity of the product. • 500 g extra sauce in maggi's tomato ketchup. Buy two get one free. • Take a 2 night 3 days package at the Hotel and get an extra night stay at just Rs.100.
	Instant Draws and Assigned Gift	Scratch a card or burst a cracker and instantly win car, computer, refrigerator with the purchase of a TV.
	Lucky Draw	Offer of a bathing soap to win gold coin on lucky draw coupon.
	Usable Benefit	• Purchase goods worth Rs.3000 and get a holiday package. • Get a discount voucher for accessories on Apparel purchase of Rs.1000. • Get Rs.500 off for movie tickets on purchase of goods worth Rs.5000.

	Full finance @ 0%	Offer easy financing on sale of consumer durable products like electronic goods or automobiles such as 24 easy installments.
	Sampling	Offer of free sample say free conditioner pouch with bottle of a shampoo.
	Contests	Competitive events to win prizes. like ❖ quiz or ❖ application of some skills or ❖ answering some questions
24	**Public Relations**	• Necessary to manage public opinion and the company's relation with the public on regular basis. • To monitor attitude of public and generate positive publicity. • Build goodwill of the business.

MCQ ALL CHAPTERS

NATURE AND SIGNIFICANCE
OF MANAGEMENT

Multiple Choice Questions

1. **How does a manager want to achieve his objectives?**

(a) Efficiently (b) Effectively(c) Efficiently and effectively (d) None of the above

2. **A manager obtains the required capital at 12% interest while the prevailing rate of interest happens to be 10%. How would you describe such a manager?**

(a) Efficient (b) Effective(c) Efficient and Effective (d) Inefficient

3. **What type of power management is?**

(a) Visible(b) Invisible (c) Separate(d) Collective

4. **By evaluating results what does management try to find out and then takes corrective action.**

(a) Profit(b) Loss (c) Deviations (d) None of these

5. **In the context of business what does research refer to?**

(a) Finding out new products (b)Finding out new markets

(c)Finding out new methods of distribution (d) All the above

6. **What happens when the management of an organisation gets weakened?**

(a) Organisation progresses (b) Production increase

(b) (c) Profit increases (d) Organisation faces heavy loss

7. **Which one of the following sequence of process of management is correct:**

(a) Planning, Controlling, Organising, Staffing (b) Staffing, Planning, Organising, Controlling

(c) Planning, Organising, Staffing, Controlling (d) Organising, Planning, Staffing, Controlling

8. **Management is:**

(a) An Activity (b) A process (c) A Tradition (d) An Illusion

9. **Management ensures:**

(a) Providing employment opportunities

(b) Maintaining profit

(c) Ensuring maximum utilisation of resources

(d) Control on cost

10. **Management is important because:**

(a) It helps in achieving group goals

(b) It helps in development of society

(c) It increases efficiency

(d) All of the above

11. **Which of the following has formalised methods of acquiring training and experience?**

(a) Management (b)Law(c) Medical (d) All of these

12. **Which of the following have no representative professional organisations available?**

(a) Law (b) Management(c) Medical (d) Accountancy

13. **Which degree is essential to become a manager?**

(a) B.Com. (b) M.Com.(c) M.B.A. ((d) None of these

14. **For which of following minimum qualification has not been prescribed?**

(a) Manager (b) Doctor(c) Lawyer (d) Chartered Accountant

15. **What is the name of the management institute established in India?**

(a) IIT (b) AIMA (c) IIM (d) ICICI

16. **"Art is bringing about of a desired result through application of skill". Whose statement is this?**

(a) T.L. Massie (b) G.R. Terry(c) Prof. Dalton E. McFarland (d) None of these

17. **Whose speciality happens to be 'personal skill'?**

(a) Profession (b) Art (c) Science (d) None of these

18. **Who said that management is a soft science?**

(a) Ernest Dale (b) G.R. Terry (c) Keynes (d) Fayol

19. **The principles of Physics and Chemistry are stable. What is your opinion about management?**

(a) Stable (b) Unstable
(c) No principle is available (d) None of these

20. Management is a/an

(a) Art (b) Science (c) Profession(d) All of the above

21. **Name the country in which management is accepted as profession.**

(a) America (b) Japan (c) India (d) America and Japan

22. **Management may be called which of the following science?**

(a) Perfect Science (b) Physics (c) Applied Science (d) Chemistry

23. **Levels of management in an organisation serve as a _____ line among the different managerial posts.**

(a) Strong (b) Dividing(c) Weak(d) Straight

24. **A _____ chain is formed from the top-level management to the lower-level management.**

(a) Vertical(b) Thick(c) Scalar (d) Small

25. **At what level of management does the Chief Executive Officer operate?**

(a) Top-level (b) Middle-level(c) Lower-level(d) None of these

26. **To which level of management do the managers of first-line belong?**

(a) Lower-level(b) Middle - level(c) Top-level (d) None of these

27. **What is that area called where the non-managerial members work?**

(a) Shopping Area (b) Showroom Area (c) Platform Area (d) Factory Area

28. **'Thinking before doing', under which function of management is this performed?**

(a) Controlling (b) Directing(c) Organising (d) Planning

29. **Under what function of management does the determining of structure of roles fall?**

(a) Planning (b) Organising (c) Directing (d) Controlling

30. **Under what function of management does the work of filling posts with people fall?**

(a) Planning (b) Organising(c) Staffing (d) Directing

31. **Under what function of management does the 'corrective action' fall?**

(a) Planning (b) Organising (c) Directing (d) Controlling

32. **What, out of the following, does not fall under directing?**
(a)Planning (b) Supervision (c) Leadership (d) Motivation

33. Number of levels of management are:
(a) one (b) two(c) three (d) four

34. Coordination is needed where the efforts of _____ persons are required?

(a) One person (b) Two persons(c) Three persons (d) Many persons

35. "Coordination is not a separate function of management but it happens to be the final truth of all functions." In what context this observation has been made?

(a) Coordination is the essence of management

(b) Coordination is not established automatically

(c) Coordination is a continuously moving process

(d) None of these

36. Which of the following is true?

(a) Coordination is not equally important at all levels of management

(b) Coordination has no importance

(c) Coordination is equally important at all levels of management

(d) None of these

37. Cooperation means _____ .
(a) Desire to work (b) Determining Activities(c) Both the above (d) None of the above jointly

38. To what function of management is coordination associated with?

(a) Planning (b) Organising (c) Staffing, directing and controlling (d) All of these

39. What out of the following has been called the essence of management?

(a) Communication (b) Coordination(c) Supervision (d) Leadership

40. What is the focus of attention when a manager is busy in planning activity?

(a) Coordination (b) Directing (c) Controlling (d) Staffing

41. What information do we get about coordination through the medium of interdependence of various processes?

(a) Meaning (b) Characteristics (c) Need (d) None of these

42. The words cooperation and coordination are _____ .

(a) Opposite (b) Synonym(c) Complementary (d) All the above

43. What contributes to the elimination of complexities of large-scale organisations?

(a) Planning (b) Directing (c) Controlling (d) Coordination

Answers: 1. (c), 2. (b), 3. (b), 4. (c), 5 (d), 6. (d), 7. (c), 8. (b), 9. (c), 10. (d), 11. (d), 12. (b), 13 (d), 14. (a), 15. (b), 16. (b), 17. (b), 18. (a), 19. (b), 20. (d), 21. (d), 22. (c), 23. (b), 24.(c), 25. (a), 26. (a), 27. (c), 28. (d), 29. (b), 30. (c), 31. (d), 32. (a), 33. (c), 34. (d), 35. (a), 36. (c), 37. (a), 38. (d), 39. (b), 40. (a), 41. (c), 42. (c), 43. (d).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. Which is not a function of management of the following:

(a) planning (b) staffing(c) cooperating (d) controlling

2. Management is

(a) an art (b) a science(c) both art and science (d) neither

3. The following is not an objective of management

(a) earning profits (b) growth of the organisation

(c) providing employment (d) policy making

4. Policy formulation is the function of

(a) top level managers (b) middle level managers

(c) operational management (d) all of the above

5. Coordination is

(a) function of management (b) the essence of management

(c) an objective of management (d) none of the above

Answers: 1. (c), 2. (c), 3. (d), 4. (a), 5 (b).

PRINCIPLES OF MANAGEMENT

Multiple Choice Questions

1. **On what basis the principles of management were derived?**

(a) On the basis of observation (b) On the basis of experimental studies

(c) On the basis of both (a) and (b) (d) None of these

2. **Where are the principles of management applicable?**

(a) In the field of business (b) In the non-business field(c) In both (a) and (b) (d) None of these

3. **What is the meaning of the universality of the principles of management?**

(a) Applicable to all the fields (b) Applicable no where

(c) Applicable only to business (d) Applicable only to non-business field

4. **Out of the following which one gives more strength to research work.**

(a) Principles of management (b) Functions of management

(c) Levels of management (d) All the above

5. **Which of the following, according to Foyal, happens to be the meaning of the division of work?**

(a) Equitable division of the whole work among the persons available

(b) Alloting a specific part of the whole work to every person

(c) Both the above

(d) None of the above

6. **What principle of management is violated if an employee gets orders from more than one superior?**

(a) Unity of (b) Unity of direction(c) Division of work (d) Scalar chain command

7. **'Three subordinates- S_1, S_2 and S_3 receive orders from M_1'. In such a situation which principle of management is being observed?**

(a) Equity (b) Order (c) Unity of command (d) Unity of direction

8. **Which of the following principles aims at checking the ignoring of activities?**

(a) Unity of command (b) Unity of direction(c) Discipline (d) All the above

9. **A purchase manager of a company has to purchase 500 tonnes of raw material. Apart from the other suppliers in the market, his son also supplies that raw material. The manager purchases the raw material from the firm of his son at a**

rate higher than the market rate, which principle of management has been violated by this situation?

(a) Unity of command

(b) Unity of direction

(c) Subordinating personal interest to general interest

(d) Equity

10. **Which of the following elements should be kept in mind while determining fair remuneration?**

(a) Cost of living (b) Demand of labourers(c) Qualification (d) All of these

11. **What type of centralisation Fayol talks about?**

(a) Little Centralisation(b) More Centralisation(c)Effective Centralisation (d)No Centralisation

12. **In what situation has Fayol permitted the violation of the Principle of Scalar Chain?**

(a) When the employee is extraordinarily capable

(b) At the time of sudden happening

(c) In all conditions and circumstances

(d) In no condition or situation

13. **The violation of which principle of management results in 'disorderly flow of information'?**

(a) Scalar Chain (b) Unity of Command(c) Authority and Responsibility (d) Stability of employees

14. **'A proper place for everything and everything in its right place', with which order is this statement connected as explained in the principle of order?**

(a) Material (b) Social

(c) Both the above (d) None of the above

15. **What principle of management has been given by Henry Fayol?**

(a) Principle of Unity of command

(b) Principle of optimum production

(c) Principle of using science instead of rule of thumb

(d) None of these

16. **In which book Henry Fayol has mentioned the 14 principles of management:**

(a) General and industrial management (b) Principles based management

(c) General management (d) Industrial management

17. **Which one is not the Henry Fayol's principle of management:**

(a) Division of Work (b) Differential wages

(c) Scalar chain (d) Equity

18. **According to which principle of management, all similar activities for the fulfilment of one object must be kept under one authority.**

(a) Equity (b) Centralisation

(c) Unity of command (d) Unity of direction

19. **How many Principles of Management has been given by Henry Fayol?**

(a) 5 (b) 14

(c) 16 (d) 20

20. **Who is the Father of Administrative Management?**

(a) Taylor (b) Fayol

(c) Both (d) None of these

21. **Which of the following system of management talks about cheap and efficient way of doing a job?**

(a) Administrative (b) Scientific

(c) Both the above (d) None of the above

22. **Which system of management talks of "complete mental change"?**

(a) Administrative management (b) Scientific management

(b) (c) Both (a) and (b) (d) None of these

23. **Which system of management gives due importance to 'specialisation'?**

(a) Scientific management(b) Administrative management(c) Both (a) and (b)(d)None of these

24. **What study did Taylor make to set standard time for work?**

(a) Time study (b) Fatigue study (c) Motion study (d) Method study

25. **What did Taylor want to standardise?**

(a) Material (b) Machine and Tools(c) Methods (d) All of these

26. **In what two departments did Taylor divide the work of a factory manager?**

(a) Department of Planning and Production

(b) Department of Planning and Finance

(c) Department of Planning and Marketing

(d) Department of Planning and Research

27. **What type of revolutionary change is talked about by F.W. Taylor?**

(a) Green Revolution (b) White Revolution(c) Mental Revolution (d) None of these

28. **Which management expert is talked about mental revolution?**

(a) Fayol (b) Taylor (c) Hamman (d) None of the above

29. **What was the title of the research paper written by Taylor in 1903?**

(a)Factory management (b)Shop management(c)Office management(d) Production management

30. **Which company did Taylor join in America in 1878 as a labourer?**

(a) Bethlehem Steel Works

(b) American Steel Company

(c) Midvale Steel Company

(d) None of these

31. **Under fatigue study:**

(a) Tiring work is given to employees

(b) Employee's movements are increased

(c) Record is maintained for time consumed on employee's work

(d) Rest is given to employees during work

32. **Which study is not done under scientific management:**

(a) Motion (b) Profit (c) Time (d) Fatigue

33. **Scientific management brings:**

(a) Social change (b) Economic change(c) Mental change (d) Industrial change

34. **In which year Taylor became an Engineer from a worker?**

(a) 1878 (b) 1884 (c) 1901 (d) 1903

Answers: 1. (c), 2. (c), 3. (a), 4. (a), 5. (b), 6. (a), 7. (c), 8. (b), 9. (c), 10. (d), 11. (c), 12. b), 13. (a), 14. (a), 15. (a), 16. (a), 17. (b), 18. (d), 19. (b), 20. (b), 21. (b),

22. (b), 23. (a), 24. (a), 25. (d), 26. (a), 27 (c), 28. (b), 29. (a), 30. (c), 31. (d), 32. (b), 33. (c), 34. (b).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. **Principles of management are NOT**

   (a) Universal (b) Flexible (c) Absolute (d) Behavioural

2. **How are principles of management formed?**

   (a) In a laboratory (b) By experiences of managers

   (c) By experiences of customers (d) By propagation of social scientists

3. **The principles of management are significant because of**

   (a) Increase in efficiency (b) Initiative

   (c) Optimum utilisation of resources (d) Adaptation to changing technology

4. **Henry Fayol was a**

   (a) Social Scientist (b) Mining Engineer

   (c) Accountant (d) Production engineer

5. **Which of the following statements best describes the principle of 'Division of Work'?**

   (a) Work should be divided into small task

   (b) Labour should be divided

   (c) Resources should be divided among jobs

   (d) It leads to specialisation

6. **'She/he keeps machines, materials, tools etc., ready for operations by concerned workers'. Whose work is described by this sentence under functional foremanship.**

   (a) Instruction Card Clerk (b) Repair Boss

   (c) Gang Boss (d) Route Clerk

7. **Which of the following is NOT a Principle of management given by Taylor?**

   (a) Science, not rule of the Thumb (b) Functional foremanship

   (c) Maximum not restricted output (d) Harmony not discord

8. **Management should find 'One best way' to perform a task. Which technique of Scientific management is defined in this sentence?**

(a) Time Study (b) Motion Study (c) Fatigue Study (d) Method Study

9. Which of the following statements best describes 'Mental Revolution'?

(a) It implies change of attitude.

(b) The management and workers should not play the game of one upmanship.

(c) Both management and workers require each other.

(d) Workers should be paid more wages.

10. Which of the following statements is FALSE about Taylor and Fayol?

(a) Fayol was a mining engineer whereas Taylor was a mechanical engineer

(b) Fayol's principles are applicable in specialised situations whereas Taylor's principles have universal application

(c) Fayol's principles were formed through personal experience whereas Taylor's principles were formed through experimentation

(d) Fayol's principles are applicable at the top level of management whereas Taylor's principles are applicable at the shop floor

Answers: 1. (c), 2. (b), 3. (a), 4. (b), 5. (d), 6. (c), 7. (b), 8. (d), 9. (a), 10. (b).

BUSINESS ENVIRONMENT

Multiple Choice Questions

1. **Business environment is a group of _____ powers.**

(a) Special (b) General

(c) Internal (d) Special and General

2. **Which of the following is not included in special powers of the business environment.**

(a) Technical Situations (b) Customers

(c) Suppliers (d) Investors

3. **Which of the following has got the First Mover Advantage?**

(a) Asian Paints (b) Goodlass Nerolac

(c) Kansai Paints (d) Maruti Udyog

4. **Which of the following is available in time with the help of the study of environment?**

(a) Government Help (b) Foreign Aid

(c) Warning Signal (d) Material

5. **The study of environment makes available _____ resources.**

(a) Costly (b) Cheap

(c) Inferior (d) Useful

6. **Which of the following is undergoing quick changes?**

(a) Competition (b) Fashion

(c) Technique (d) All the above

7. **ITC Hotels made a study of the business environment and planned to open _____ in India and abroad.**

(a) Factories (b) Hotels

(c) Shops (d) Offices

8. **With the help of the study of business environment an organization can improve its _____ .**

(a) Present (b) Future

(c) Present and Future (d) Past

9. **Which of the following is not a part of the internal environment?**

(a) Customers (b) Objectives

(c) Policies (d) Organisation Structure

10. **Which of the following is included in the Micro Environment (Operating Environment)?**

(a) Suppliers (b) Competitor

(c) Suppliers and Competitor (d) Economic Environment

11. **Which of the following is included under the Macro Environment (or General Environment)?**

(a) Economic Environment (b) Political Environment

(c) Social and Legal Environment (d) All the above

12. **A firm should make efforts that it has _____ type of customers?**

(a) One (b) Two

(c) Three (d) Many

13. **Which of the following is included in the Economic Environment?**

(a) Economic System (b) Economic Policies

(c) Economic Conditions (d) All the above

14. **Determination of the economic policies is for the purpose of regulating _____ .**

(a) Political Environment (b) Social Environment

(c) Legal Regulatory Environment (d) Economic Activities

15. **Under which environmental effect, IBM and Coca-Cola had to leave India?**

(a) Political (b) Social

(c) Economic (d) Technical

16. **Which of the following is a factor of the social environment of business?**

(a) Customs (b) Level /Standard of Education

(c) Rate of Interest (d) All the above

17. **Which component of business environment resulted in the relaxation of ban imposed on the Foreign Direct Investment?**

(a) Economic Environment (b) Political Environment

(c) Social Environment (d) Legal Regulatory Environment

18. **With the introduction of Photostat Machines in the market, the carbon paper industry was adversely affected. Which component of environment was responsible for it?**

(a) Economic (b) Political

(c) Technical (d) All the above

19. **Which of the following deals with the process of simplification of ImportExport?**

(a) Liberalisation (b) Privatisation

(c) Liberalisation and Privatisation (d) Globalisation

20. **Reducing the role of Public Sector and increasing the role of Private Sector falls under _____ .**

(a) Liberalisation (b) Privatisation

(c) Liberalisation and Privatisation (d) Globalisation

21. **In all the countries there is a free-flow of goods and services under which of the following does it come?**

(a) Liberalisation (b) Privatisation

(c) Liberalisation and Privatisation (d) Globalisation

22. **Under Industrial Policy the role of _____ has been decided.**

(a) Public Sector (b) Private Sector

(c) Public Sector and Private Sector (d) Government

23. **Trade Policy brings under control the _____ .**

(a) Import Trade (b) Export Trade

(c) Foreign Trade (d) Local Trade

24. **The income and expenditure policy of the government is called _____ .**

(a) Fiscal Policy (b) Industrial Policy

(c) Trade Policy (d) Monetary Reforms

25. **Under _____ the Reserve Bank keeps control on the money supply in order to achieve the objectives of the general economic policy.**

(a) Fiscal Policy (b) Monetary Policy

(c) Trade Policy (d) Industrial Policy

26. Price control means that the companies will sell goods on the _____ price.

(a) Government (b) Market

(c) Printed (d) Voluntary

27. The entry of the multinational companies in large numbers in the Indian market has created _____ .

(a) Huge Demand (b) Huge Supply (c) Tough Competition (d) Huge Demand and Supply

28. With which of the following the Indian Companies have to compete? (a) New and Old Indian Companies (b) Multinational Companies

(c) Imports (d) All the above.

29. As a result of the Economic Reforms the Seller Market has been replaced by _____ .

(a) Buyer Market (b) Foreign Market

(c) Whole-sale Market (d) Retail Market

30. These days companies cannot avoid investing in _____ .

(a) Research (b) Development

(c) Research and Development (d) Employees

31. Which factor is not included in Internal Environment?

(a) Objective (b) Policies

(c) Public (d) Production-Method

32. _____ is included in Economic Environment.

(a) Economic System (b) Economic Policies

(c) Economic Conditions (d) All of the above

33. Which factor is not included in Micro Environment?

(a) Customer (b) Public (c) Supplier (d) Production Capacity

34. Which factor is not included in Macro Environment?

(a) Economic Environment (b) Competitors

(c) Social Environment (d) Political Environment

Answers: 1. (d), 2. (a), 3. (b), 4. (c). 5. (d), 6. (d), 7. (b), 8. (c), 9. (a). 10. (c), 11. (d), 12. (d),

13. (d), 14. (d), 15. (a), 16. (d), 17. (d), 18. (c), 19. (a), 20. (b), 21. (d), 22, (c), 23. (c), 24. (a),
25. (b), 26. (a), 27. (c), 28. (d), 29. (a), 30. (c), 31. (c), 32. (d), 33. (d), 34. (b).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. **Which of the following does not characterise the business environment?**

   (a) Uncertainty (b) Employees

   (c) Relativity (d) Complexity

2. **Which of the following best indicates the importance of business environment?**

   (a) Identification (b) Improvement in performance

   (c) Coping with rapid changes (d) All of them

3. **Which of the following is an example of social environment?**

   (a) Money supply in the economy (b) Consumer Protection Act

   (c) The Constitution of the country (d) Composition of family

4. **Liberalisation means**

   (a) Integration among economies

   (b) Reduced government controls and restrictions

   (c) Policy of planned disinvestments

   (d) None of them

5. **Which of the following does not explain the impact of Government policy changes on business and industry?**

   (a) More demanding customers (b) Increasing competition

   (c) Change in agricultural prices (d) Market orientation

Answers: 1. (b), 2. (d), 3. (d), 4. (b). 5. (c).

PLANNING

Multiple Choice Questions

1. Planning is _____ .

(a) Flexible (b) Stable

(c) Rigid (d) None of these

2. Planning is the _____ function of management.

(a) First (b) Second

(c) Third (d) Fourth

3. _____ is the essence of Planning.

(a) Organising (b) Controlling

(c) Forecasting (d) Directing

4. Planning results in decreasing _____ .

(a) Coordination (b) Proper use of resource

(c) Future uncertainties (d) Control

5. _____ gives a complete detail of doing a particular activity.

(a) Procedure (b) Budget

(c) Programme (d) Method

6. What out of the following is the example of objective?

(a) Raising sales upto ™5000 crore (b) Giving employment to 1000 people

(c) Raising income by 3% (d) All of these

7. "The basis of promotion of employees will be age." With which policy is this statement related?

(a) Personnel (b) Sale

(c) Pricing (d) None of these

8. Which out of the following policies will you recommend?

(a) Strict (b) Lenient

(c) Both (a) and (b) (d) None of these

9. Punishment can be awarded for not following a particular element of planning. Name the element.

(a) Procedure (b) Policy

(c) Rule (d) Programme

10. "In case the debts are not paid within a month interest at a definite rate will be levied." To what element of planning does this saying point out?

(a) Policy (b) Rule

(c) Procedure (d) Budget

11. What do we call the quantitative details of expected results?

(a) Rule (b) Programme

(c) Procedure (d) Budget

12. Which of the following is not the internal element of limitation of Planning?

(a) Capital (b) Raw material

(c) Increase in population (d) Machine

13. What resources are specially kept in view in planning?

(a) Limited (b) Unlimited

(c) Both (a) and (b) (d) None of these

14. At what managerial level planning is needed?

(a) Top level (b) Middle level (c) Lower level (d) All the levels

15. When can the planning process be ignored?

(a) In ordinary situation (b) In case of emergency

(c) Both the above (d) In no situation

16. Planning of different departments is _____ .

(a) Independent (b) Individual

(c) Mutually dependent (d) None of these

17. 'Smoking is prohibited in the factory' what element of planning does it exemplify?

(a) Policy (b) Rule

(c) Procedure (d) Method

18. Rules are _____ details.

(a) Special (b) General

(c) Uncommon (d) None of these

19. **What out of the following is the focus of planning?**

(a) Budget (b) Objectives

(c) Programme (d) Rules

20. **Which one of the following is not an element of planning:**

(a) Rules (b) Programme
(c) Object (d) Staffing

21. **Which one is not the characteristic of rules:**

(a) Rules are rigid (b) Violation of rules is punishable
(c) Following rule is voluntary (d) Rule is a sort of order

22. **Which one of the following is not a step of planning:**

(a) To forecast (b) Establishing objectives
(c) Valuation of objectives (d) Induction of employees on the job

23. Planning is a process:

(a) Periodic (b) Continuous
(c) Casual (d) Annual

24. It is not the feature of budget:

(a) Budget creates illusion (b) Budget is an element of planning
(c) Budget relates to planning and control (d) Budgets are object oriented

25. Planning is helpful in increasing _____ .

(a) Cost (b) Loss
(c) Efficiency (d) None of these

Answers: 1. (a), 2. (a), 3. (c), 4. (c), 5. (d), 6. (d), 7. (a), 8. (c), 9. (c), 10. (b), 11. (d), 12 (c),
13. (a), 14. (d), 15. (b), 16. (c), 17. (b), 18. (a), 19. (b), 20. (d), 21. (c),
22. (d), 23. (b), 24. (a), 25. (c).

ORGANISING

Multiple Choice Questions

1. **Under what function of management the relationship between different posts (positions) is explained?**

(a) Planning (b) Communication

(c) Organisation (d) Supervision

2. **Where lies the need of organisation?**

(a) In business organisation (b) In non-business organisation

(c) In both (a) and (b) (d) No where

3. **Which organisation structure is consciously or deliberately established?**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None

4. **Which organisation structure is based on rules and procedures?**

(a) Informal (b) Formal

(c) Both (a) and (b) (d) None

5. **Which structure of organisation is helpful in locating the inefficient employees?**

(a) Formal (b) Informal

(c) Both the above (d) None of the above

6. **Which organisation structure does not have duplication of work?**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None of these

7. **Which of the following is not the disadvantage of formal organisation?**

(a) Lack of initiative (b) Delay in work (c) Lack of favourtism (d) Mechanical relationship

8. **In which organisation structure do we find "group norms"?**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None of these

9. **Which of the following is written in the organisation manual?**

(a) Goods purchased

(b) Goods sold

(c) Meeting of Organisation

(d) Authority and responsibility of different posts

10. **Which of the following organisations lasts longer?**

(a) Formal (b) Divisional

(c) Both the above (d) Informal

11. **_____ is more stable organisation.**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None

12. **Which one is not correct in respect of formal organisation:**

(a) Definite responsibility (b) Definite authority

(c) Effective control (d) Social popularity

13. **Which one of the following is not a part of process of organisation:**

(a) Grouping of activities

(b) Doing complete centralisation

(c) Defining inter-relationship

(d) Knowing the objectives of enterprise

14. **Which is not a feature of formal organisation:**

(a) It is personal (b) It is more stable

(c) It is deliberately created (d) It is based on rules and procedures

15. **How many standardised forms of organisation structure are there?**

(a) Two (b) Three

(c) Four (d) No definite number

16. **Which of the following are parts of formal organisation?**

(a) Functional organisation (b) Line organisation

(c) Line and staff organisatiion (d) All of these

17. **Which organisation resists changes?**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None

18. **What do we call the division of organisation structure on the basis of products?**

(a) Functional organisation (b) Divisional organisation

(c) Both (a) and (b) (d) None

19. **If a company deals in metal products** and plastic products, what type of **organisation will be useful for it?**

(a) Informal (b) Functional

(c) Both the above (d) Divisional

20. **Which organisation structure is compulsory?**

(a) Formal (b) Informal

(c) Both (a) and (b) (d) None

21. **Departments are established on the basis of _____ in functional organisation.**

(a) Activities (b) Products

(c) Demand (d) Market

22. **In which situation the divisional structure happens to be appropriate?**

(a) Where the number of major products is more than one

(b) Where the size of the organisation is quite large

(c) Both the above

(d) Where primarily only one product is sold

23. **Number of sub-ordinates under a superior is called:**

(a) Office environment (b) Strict control

(c) Span of management (d) Scalar chain

24. **In which type of organisation, the principle of scalar chain is fully followed:**

(a) Divisional organisation (b) Formal organisation

(c) Informal organisation (d) None of the above

25. **What is the key to managerial post?**

(a) Responsibility (b) Authority

(c) Accountability (d) None

26. **How is accountability created?**

(a) By assigning responsibility (b) By assigning authority

(c) Both (a) and (b) (d) None of these

27. **What is the basis of delegation of authority?**

(a) Centralisation (b) Decentralisation

(c) Both (a) and (b) (d) Division of labour

28. **"Every step that increases the importance of the subordinates is called decentralisation and any step that decreases it is called centralisation". What is it about**?

(a) Formal organisation (b) Informal organisation

(c) Both (a) and (b) (d) None of these

29. **What is decentralisation?**

(a) Short form of delegation

(b) Extended form of delegation

(c) Middle form of delegation

(d) None of these

30. **Which of the following increases the importance of the subordinates?**

(a) Centralisation (b) Decentralisation

(c) Delegation (d) Specialisation

31. **Which of the following has a wider scope?**

(a) Management (b) Centralisation

(c) Decentralisation (d) Delegation

32. **'More delegation of authority helps managerial development' out of the following with which this statement is related to?**

(a) Delegation (b) Decentralisation

(c) Centralisation (d) All the above

33. **On which of the following does decentralisation depend?**

(a) Centralisation (b) Specialisation

(c) Scientific Management (d) Delegation

34. **Which one is not correct in respect of delegation of authority:**

(a) Increase in administrative work

(b) Development of sub-ordinates

(c) Convenience in business expansion

(d) Quick and better decision possible

35. **Extended form of delegation of authority is called:**

(a) Specialisation (b) Centralisation

(c) Decentralisation (d) Division of labour

36. **(I) Delegation of authority is inevitable and decentralisation is voluntary.**

(II) Scope of delegation of authority is limited and the scope of decentralisation is broad.

Above both statement are:

(a) True

(b) False

(c) Statement (I) is True and Statement (II) is False

(d) Statement (I) is False and Statement (II) is True

Answers: 1. (c), 2. (c), 3. (a), 4. (b), 5 (a), 6. (a), 7. (c), 8. (b), 9. (d), 10. (c), 11. (a),
12. (d), 13. (b), 14. (a), 15. (d), 16. (d), 17. (b), 18. (b), 19. (d), 20. (a), 21. (a), 22. (c), 23. (c), 24. (b), 25. (b), 26. (b), 27. (d), 28. (d), 29. (b), 30. (b), 31. (a), 32. (b), 33. (d), 34. (a), 35. (c), 36. (a).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. Which of the following is not an element of delegation?

(a) Accountability (b) Authority (c) Responsibility (d) Informal organisation

2. A network of social relationship that arises spontaneously due to interaction at work is called:

(a) Formal organisation(b) Informal organisation(c) Decentralisation (d) Delegation

3. Which of the following does not follow the scalar chain?

(a) Functional structure (b) Divisional structure
(c) Formal organisation (d) Informal organisation.

4. A tall structure has a

(a) Narrow span of management (b) Wide span of management
(c) No span of management (d) Less levels of management

5. Centralisation refers to

(a) Retention of decision making authority

(b) Dispersal of decision making authority

(c) Creating divisions as profit centers

(d) Opening new centers or branches

6. **For delegation to be effective it is essential that responsibility be accompanied with necessary**

(a) Authority (b) Manpower(c) Incentives (d) Promotions

7. **Span of management refers to**

(a) Number of managers

(b) Length of term for which a manager is appointed

(c) Number of subordinates under a superior

(d) Number of members in top management

8. **The form of organisation known for giving rise to rumors is called**

(a) Centralised organisation (b) Decentralised organisation

(c) Informal organisation (d) Formal organisation

9. **Grouping of activities on the basis of product lines is a part of**

(a) Delegated organisation (b) Divisional organisation

(c) Functional organisation (d) Autonomous organisation

10. **Grouping of activities on the basis of functions is a part of**

(a) Decentralised organisation (b) Divisional organization

(c) Functional organisation (d) Centralised organisation

Answers: 1. (d), 2. (b), 3. (d), 4. (a), 5 (a), 6. (a), 7. (c), 8. (b), 9. (b), 10. (c).

STAFFING

Multiple Choice Questions

1. **Our assets walk out of the door each evening. We have to make sure that they come back the next morning. Here the assets refer to _____ .**

(a) Vehicles (b) Goods(c) Employees (d) Machines

2. **Staffing is the _____ stage of management process.**

(a) First (b) Second(c) Third (d) Fourth

3. **While selecting manpower, _____ is kept in mind.**

(a) Education (b) Experience (c) Honesty (d) All the above

4. **_____ is helpful in finding out a competent employee.**

(a) Planning (b) Staffing(c) Both the above (d) Organisation

5. **Introducing employees to the organisation is called _____ .**

(a) Recruitment (b) Selection (c) Orientation (d) Placement

6. **At what level of management staffing is needed?**

(a) Top level (b) Middle level(c) Lower level (d) At all levels

7. **With what responsibility is staffing related to?**

(a) Social (b) Political (c) Government (d) Individual

8. **What is the relationship between human resource development and staffing?**

(a) Human resource management is biggar than staffing

(b) Staffing is biggar than human resource management

(c) Both are equal

(d) There is no relationship between the two

9. **Which of the following is included in the human resource management?**

(a) Recruitment (b) Specialised services(c) Handling grievances (d) All the above

10. **When does the Personnel Manager act as the Line Manager?**

(a) When he performs the function of staffing as a function of management

(b) When he completes the job of staffing as part of functional area of management

(c) In both the above situations

(d) He never acts as the Line Manager

11. **Which of the following is the element of staffing?**

(a) Recruitment (b) Selection (c) Training (d) All the above

12. **What is not included in the staffing?**

(a) Selection (b) Training (c) Directing (d) Promotion

13. **Recruitment is a _____ process.**

(a) Positive (b) Negative (c) Qualitative (d) Quantitative

14. **Recruitment process starts with _____ .**

(a) Strike (b) Lock out (c) Demand of employees (d) Invitation to interested people

15. **_____ is the internal source of recruitment.**

(a) Transfer (b) Promotion(c) Lay off (d) All the above

16. **Sending an inefficient employee to a lower position is called _____ .**

(a) Transfer (b) Promotion

(c) Demotion (d) Lay off

17. **_____ is the merit of internal recruitment.**

(a) Increase in motivation (b) Industrial Peace

(c) Both the above (d) Stopping the entry of young blood

18. **What stage does the requisition of employees occupy in the process of recruitment?**

(a) First (b) Second (c) Third (d) Fourth

19. **What do we call keeping the employee temporarily away from the person appointing him?**

(a) Demotion (b) Promotion(c) Transfer (d) Lay off

20. **Which source of recruitment is not available to the new organisations?**

(a) Internal (b) External(c) Both the above (d) Direct Recruitment

21. **From which source of recruitment do we get Badli or casual employee?**

(a) Direct Recruitment (b) Casual Callers

(c) Media Advertisement(d) Employment Exchange

22. **To which source of recruitment the direct recruitment from educational institutions is related?**

(a) Employment Exchange (b) Campus Recruitment

(c) Management Consultants (d) Direct Recruitment

23. **Which is not included in Internal Source of Recruitment?**

(a) Transfer (b) Trade Union (c) Promotion (d) Lay-off

24. **_____ is included in Internal Source of Recruitment.**

(a) Promotion (b) Transfer (c) Both (d) None of these

25. **_____ is included in External Source of Recruitment.**

(a) Advertisement (b) Employment Exchange(c) Both (d) None of these

26. **_____ is that process of examining the applicants which ensures that only the most appropriate persons have been appointed.**

(a) Recruitment (b) Selection

(c) Training (d) Management

27. **The purpose of _____ interview is to find out whether the applicant is physically and mentally fit for the position.**

(a) Preliminary (b) Employment (c) Both the above (d) Collective (or Group)

28. **Filling up of blank application form during the selection process contains information about _____ .**

(a) Qualifications(b) Personal information

(c) Minimum Salary acceptable(d) All the above

29. **_____ is included in the psychological test.**

(a) Interest Test

(b) Intelligence Test

(c) Both the Above

(d) General Knowledge Test

30. **Contract of employment contains _____ information**.

(a) Job Title (b) Responsibilities (c) Allowances (d) All the above

31. **What type of the process selection is?**

(a) Positive (b) Negative (c) Qualitative (d) Quantitative

32. **What is the first step in the process of selection?**

(a) Selection Tests (b) Job Offer (c) Preliminary Screening (d) Selection Decision

33. **Which of the following aims at examining the interest of the candidate?**

(a) Intelligence Test (b) Interest Test(c) Aptitude Test (d) All the above

34. **What does the Reference and Background test aims at knowing about the candidate?**

(a) Character (b) Social Relations(c) Both the above (d) Economic Condition

35. **After crossing the bar of physical test which letter is given to the selected person?**

(a) Letter of Regret (b) Appointment Letter

(c) Both the above (d) None of the above

36. **What is included in Psychological Test?**

(a) Interest Test (b) Intelligence Test (c) Aptitude Test (d) All of the above

37. **Under training the employees are trained in _____ field/fields.**

(a) A particular (b) Two (c) Three (d) All

38. **The meaning of development is to make the employees efficient in _____field/fields.**

(a) A particular (b) Two (c) Three (d) All

39. **The word development is linked or associated with _____ .**

(a) Managers

(b) Workers

(c) Supervisors

(d) Workers and Supervisors

40. **The word Training is associated with _____ .**

(a) Managers (b) Workers (c) Supervisors (d) Workers and Supervisors

41. **When a person undergoes a course in engineering, is _____ .**

(a) Training (b) Education (c) Development (d) All the Above

42. **Which of the following training is given to the top level managers?**

(a) Labour Relations

(b) Financial Management

(c) Production Management

(d) All the Above

43. **Under which training method factory like conditions are created?**

(a) Induction Training (b) Apprenticeship Training

(c) Vestibule Training (d) Internship Training

44. **Under which training method, both the technical institutes and the business organisations jointly impart training to their members?**

(a) Induction Training (b) Apprenticeship Training

(c) Vestibule Training (d) Internship Training

45. **(I) Training is job-oriented and development is career oriented.**

(II) Scope of training is broad and that of development is limited.

Above both statements are:

(a) True

(b) False

(c) Statement (I) is True and Statement (II) is False.

(d) Statement (I) is False and Statement (II) is True.

Answers: 1. (c), 2. (c), 3. (d), 4. (b), 5. (c), 6. (d), 7. (a), 8. (a), 9. (d), 10. (a), 11. (d), 12. (c), 13. (a), 14. (c), 15. (d), 16. (c). 17. (c), 18. (a), 19. (d), 20. (a), 21. (a).
22. (b), 23. (b), 24 (c), 25. (c), 26. (b), 27. (a), 28. (d), 29. (c). 30. (d), 31. (b), 32. (c), 33. (b), 34. (c). 35. (b), 36. (d), 37. (a), 38. (d), 39. (a), 40. (d). 41. (b), 42. (d), 43. (c). 44. (d), 45. (c).

DIRECTING

Multiple Choice Questions

1. **Directing is the _____ stage of management process.**

   (a) First (b) Second (c) Third (d) Fourth

2. **_____ is included under directing.**

   (a) Planning (b) Organising (c) Supervision (d) Staffing

3. **Directing is necessary at the _____ level of management.**

   (a) Top (b) Lower (c) Middle (d) All

4. **Which of the following principle is necessary for management?**

   (a) Unity of Command (b) Harmony of Objectives(c) Follow Through (d) All the above

5. **Which of the following is the element of directing?**

   (a) Communication (b)Motivation (c)Communication and Motivation (d)Organisation

6. **_____ is not included in Directing.**

   (a) Planning (b) Leadership (c) Communication (d) Motivation

7. **In supervision there is a _____ relationship between the supervisor and the subordinates.**

   (a) Distant (b) Close
   (c) Face to Face (d) Almost nothing (Nil)

8. **A supervision performs role of _____ .**

   (a) As a Key Man (b) As a Middle Man

   (c) As a Human Relation Specialist (d) All the above

9. **What out of the following does supervision ensure?**

   (a) Ensures issuing instructions (b) Facilitates Control

   (b) (c) Both the above (d) Industrial Conflicts

10. **Who of the following ensures that the work is progressing at the desired speed or not?**

    (a) Planning (b) Organising (c) Communication (d) Supervision

11. **The purpose of motivation is that process which creates _____ among the people to achieve desired objectives.**

(a) Competition (b) Excitement (c) Conflict (d) Cooperation

12. **The characteristic of motivation happens to be _____ .**

(a) Positive (b) Negative (c) Positive and Negative (d) Quantitative

13. **Abraham Maslow propounded the Need Hierarchy Theory in the year _____.**

(a) 1843 (b) 1943 (c) 1893 (d) 1963

14. **Physiological needs include _____ .**

(a) Food (b) House (c) Clothes (d) All the above

15. **According to Maslow a person satisfies his _____ needs one after the other in a definite order.**

(a) Seven (b) Five (c) Three (d) Six

16. **_____ is an example of monetary motivation.**

(a) Bonus (b) Status (c) Job (d) Job Security

17. **Job security means the _____ of Job.**

(a) Insecurity (b) Stability (c) Demotion (d) Promotion (Instability)

18. **Which of the following creates ability to work?**

(a) Education (b) Training (c) Education and Training (d) Motivation

19. **Which of the following is the example of negative motivation?**

(a) Demotion (b) Suspension (c) Termination (d) All the above

20. **What is the name of the need which makes an individual to take his ability to the highest level?**

(a) Esteem Need (b) Self Actualisation Need (c) Security Need (d) All the above

21. **What type of financial motivation helps the employees in satisfying one of the following needs?**

(a) Physiological (b) Security (c) Physiological and Security (d) Esteem

22. **Which of the following needs of the employees are satisfied by the nonfinancial motivation?**

(a) Social (b) Esteem (c) Self-Actualisation (d) All the above.

23. **The objective of leadership is to make use of _____ per cent of the ability of an individual.**

(a) 40 (b) 50 (c) 80 (d) 100

24. **A person who has the ability to influence others is called _____ .**

(a) Leader (b) Manager (c) Chief Manager (d) Supervisor

25. **Manager + Leadership ability = _____ .**

(a) Loss (b) Success (c) Failure (d) Nothing (Zero)

26. **_____ is necessary for the existence of a leader.**

(a) Manager (b) Employee (c) Follower (d) Worker

27. **Which of the following is the characteristic of leadership?**

(a) Influencing Process (b) Physical Features (c) Knowledge (d) Integrity

28. **Which of the following leadership styles has the speciality of centralised authority?**

(a) Autocratic leadership style (b) Democratic leadership style

(c) Free-rein leadership style (d) None of the above

29. **From which of the following leadership styles yields the advantage of high level motivation?**

(a) Autocratic leadership style (b) Democratic leadership style

(c) Free-rein leadership style (d) None of the above

30. **In order to complete the process of communication, there should at least be _____ persons.**

(a) One (b) Two (c) Three (d) Four

31. **During the process of communication there is an exchange of _____ .**

(a) Ideas (b) Orders

(c) Feelings (d) All the above

32. **In the process of communication, feedback aims at knowing _____ .**

(a) Message has been properly received (b) Message has been understood

(c) Both the above (d) Message has been followed

33. **_____ is an example of the medium of communication.**

(a) Letter (b) Telephone (c) E-Mail (d) All the Above

34. **Loss of letter during the process of communication is the example of _____.**

(a) Decoding (b) Message (c) Encoding (d) Noise

35. **_____ Communication is also called Grapevine Communication.**

(a) Written (b) Informal (c) Formal (d) Oral

36. **'Wrong interpretation of message' - what type of communication barrier is it?**

(a) Semantic (b) Emotional (c) Organisational (d) Personal

37. **'Lack of attention' - What type of Communication barrier is it?**

(a) Semantic (b) Emotional(c) Organisational (d) Personal

38. **The presence of more managerial levels - what type of communication barrier is it?**

(a) Semantic (b) Emotional (c) Organisational (d) Personal

39. **Which of the following is the personal communication barrier?**

(a) Fear of challenge to authority(b) Organisational Policies

(c) Unclarified Assumptions (d) Premature Evaluation

40. **Which of the following communication spreads rumours?**

(a) Formal (b) Informal (c) Written (d) All the Above

41. **Which of the following communication spreads quickly?**

(a) Formal (b) Informal (c) Written (d) All the above

42. **The process of converting the message into communication symbols is known as:**

(a) Feedback (b) Decoding (c) Media (d) Encoding

Answers: 1. (d), 2. (c), 3. (d), 4. (d), 5. (c), 6. (a), 7. (c), 8. (d) 9. (c), 10. (d), 11. (b), 12. (c), 13. (b), 14. (d), 15. (b), 16. (a), 17. (b), 18. (c), 19. (d), 20. (b), 21. (c), 22. (d), 23. (d), 24. (a), 25. (b). 26. (c), 27. (a), 28. (a), 29. (c), 30. (b), 31. (d), 32. (c), 33. (d). 34. (d), 35. (b), 36. (a), 37. (b). 38. (c), 39. (a), 40. (b), 41, (b), 42. (d).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. **Which one of the following is not an element of direction?**

(a) Motivation (b) Communication

(c) Delegation (d) Supervision

2. **The motivation theory which classifies needs in hierarchical order is developed by**

(a) Fred Luthans (b) Scott

(c) Abraham Maslow (d) Peter F. Drucker

3. **Which of the following is a financial incentive?**

(a) Promotion (b) Stock Incentive

(c) Job Security (d) Employee Participation

4. **Which of the following is not an element of communication process?**

(a) Decoding (b) Communication

(c) Channel (d) Receiver

5. Grapevine is

(a) Formal communication (b) Barrier to communication

(c) Lateral communication (d) Informal communication

6. Status comes under the following type of barriers

(a) Semantic barrier (b) Organisational barrier

(b) (c) Non-semantic barrier (d) Psychological barrier

7. The software company promoted by Narayana Murthy is

(a) Wipro (b) Infosys (c) Satyam (d) HCL

8. The highest level need in the Need Hierarchy of Abraham Maslow:

(a) Safety need (b) Belongingness need(c) Self-actualisation need (d) Prestige need

9. The process of converting the message into communication symbols is known as

(a) Media (b) Encoding (c) Feedback (d) Decoding

10. The communication network in which all subordinates under a supervisor communicate through supervisor only is:

(a) Single chain (b) Inverted (c) Wheel (d) Free flow

Answers: 1. (c), 2. (c), 3. (b), 4. (b), 5. (d), 6. (b), 7. (b), 8. (c) 9. (b), 10. (c).

CONTROLLING

Multiple Choice Questions

1. **Controlling is needed at _____ levels.**

(a) Top level (b) Middle level

(c) Lower level (d) All

2. **Controlling is related to _____ .**

(a) Results (b) Individuals

(c) Things (d) Managers

3. **First step in the controlling process is _____ .**

(a) Taking corrective action (b) Analysing the deviations (c) Determining standards (d) Measurement of actual progress

4. **Cost at ™100 per unit is an example of _____ standard.**

(a) Quantitative (b) Qualitative (c) Both the above (d) None of the above

5. **Chief basis of standards is _____ .**

(a) Quantity (b) Quality

(c) Time (d) All the above

6. **_____ standard is associated with production.**

(a) Quality (b) Quantity

(c) Quality and Quantity (d) Labour

7. **Strike is _____ cause of deviation.**

(a) Human (b) Uncertain conditions

(c) Various hindrances (d) Defective standards

8. **Hindrance in the supply of electricity is _____ cause of deviation.**

(a) Human (b) Uncertain conditions

(c) Various hindrances (d) Defective standards

9. **Which function of management is controlling?**

(a) First (b) Second

(c) Third (d) Last

10. **'Planning in the absence of controlling is meaningless'. What does this statement indicate in respects of both?**

(a) Only planning is essential (b) Only controlling is essential

(c) Both are essential (d) Both are unnecessary

11. **'Controlling in the absence of planning is blind' what does this statement indicate in respect of both?**

(a) Only planning is essential

(b) Only controlling is essential

(c) Both are essential

(d) Both are unnecessary

12. **When does the measuring of actual performance become meaningful?**

(a) When the standards have been set

(b) When the standards have not been set

(c) When standards are more than the need

(d) When standards are less than the need

13. **Which of the following is associated with the marketing standard?**

(a) Sale expenses (b) Capital expenses

(c) Quantity (d) Dispute Rate

14. **Which of the following is related to the finance and accounting standard?**

(a) Sale expenses (b) Capital expenditure

(c) Quantity (d) Dispute late

15. **Which of the following is associated with the Personnel Management?**

(a) Individual production (b) Target of sales persons

(c) Absenteeism Rate (d) Flow of capital

16. **Which of the following qualities the standards should have?**

(a) Achievable (b) Measurable (c) Flexible (d) All the above

17. **Which of the following types a deviation can be?**

(a) Negative (b) Positive (c) None (Nil) (d) All the above

18. **Which deviation is the most important?**

(a) Negative (b) Positive

(c) None (Nil) (d) All the above

19. **_____ is not included in the controlling process.**

(a) Measurement of actual performance.

(b) Comparison of actual performance with standards.

(c) Doing work of financial management.

(d) Analysing deviations.

20. **What type of nature the control has?**

(a) Positive Approach (b) Negative Approach

(c) Both of the above (d) None of the above

21. **An efficient control system helps to:**

(a) Achieve objectives (b) boost Employee's Morale

(c) Efficient use of Resources (d) All of the above

Answers: 1. (d), 2. (a), 3. (c), 4. (a), 5. (d), 6. (c), 7. (b), 8. (c), 9. (d), 10. (c), 11. (c), 12. (a). 13. (a), 14. (b), 15. (c), 16. (d), 17. (d), 18. (a), 19. (c), 20. (c), 21. (d).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. An efficient control system helps to

(a) Accomplish organisational objectives (b) Boost employee morale

(c) Judge accuracy of standards (d) All of the above

2. Controlling function of an organisation is

(a) Forward looking (b) Backward looking

(c) Forward as well as backward looking (d) None of the above

Answers: 1. (d), 2. (c).

FINANCIAL MANAGEMENT

Multiple Choice Questions

1. **That part of management which is connected with the financial activities is called _____ management.**

(a) Personnel (b) Financial

(c) Production (d) All the above

2. **Fixed assets investment decision is called _____ .**

(a) Management of working capital

(b) Capital budgeting

(c) Financing decision

(d) None of these

3. **Shareholder's current wealth in a company = _____ × _____ .**

(a) Face value of shares × Market price per share

(b) Number of shares × Face value of shares

(c) Number of shares × Market price per share

(d) Number of shares × Profit per share

4. **Financial planning means _____ of financial activities.**

(a) Determining (b) Pre-determining

(c) Later -determining (d) Not determining

5. **Under financial management a forecast of receipts and payments is made and the shortage or sufficiency of _____ is ensured.**

(a) Capital (b) Human resource

(c) Material (d) All the above

6. **With the help of the financial planning a situation of continuous _____ can be maintained.**

(a) Minimum Capital (b) Liquidity

(c) Maximum Capital (d) (b) and (c)

7. **With the help of financial planning capital can be made available at _____ cost.**

(a) More (b) Medium

(c) Minimum (d) Zero

8. **Without _____ no business planning can be successfully implemented.**

(a) Dividend decision (b) Investment decision

(c) Both of above (d) Financial planning

9. **_____ is the example of a financial decision.**

(a) Investment decision (b) Financing decision

(c) Dividend decision (d) All of these

10. **What is included in financial management according to the traditional approach?**

(a) Arranging finance (b) Using finance effectively

(c) Both (a) and (b) (d) None of these

11. **What is influenced by the financing decision?**

(a) Market price of shares (b) Cost of capital

(c) Both (a) and (b) (d) None of these

12. **Which branch of management does take care of the efficient planning and controlling of the financial activities of an organisation?**

(a) Production management

(b) Financial management

(c) Marketing management

(d) Personnel management

13. **What is the chief financial question before an organisation?**

(a) How much finance will be required for various business activities.

(b) How much amount can be acquired from various resources.

(c) How the profit of the business will be divided.

(d) All of these

14. **A person buys 100 shares @ ™100 per share of XYZ company. After some time the market price of shares becomes ™120 per share. How much wealth shall he have in the company.**

(a) ™12,000 (b) ™ 8,000

(c) ™ 10,000 (d) ™ 10,120

15. **What is included in financial planning?**

(a) Determining financial objectives

(b) Determining financial policies

(c) Determining financial procedures

(d) All of these

16. **What out of the following, financial planning helps to achieve?**

(a) Arrangement of material (b) Financial control

(c) Arrangement of machinery (d) All of above

17. **Which out of the following happens to be a financial decision?**

(a) Investment decision (b) Financing decision

(c) Dividend decision (d) All of these

18. **The meaning of capital structure relates to the percentage of _____ sources.**

(a) Long-term (b) Medium term

(c) Short-term (d) Current

19. **Capital Structure is called _____ .**

(a) Quantitative aspect (b) Qualitative aspect

(c) Both (a) and (b) (d) None of these

20. **_____ is not included in owner's capital?**

(a) Equity share capital (b) Long-term debt

(c) Preference share capital (d) Retained profit

21. **_____ capital should be preferred while arranging for a long-term finance?**

(a) Preference share capital (b) Equity share capital

(c) Debt or borrowed capital (d) Retained earning

22. **Keeping in view the high rate of Income Tax the company should give priority to _____ capital.**

(a) Debt (b) Equity (c) Preference (d) Owner

23. **The importance of 'Trading on Equity' lies in the fact that if the company is earning more profit, it can make use of borrowed capital and preference share capital and by doing so it can increase the income of _____**

(a) Preference (b) Lenders
Shareholders

(c) Equity Shareholders (d) Government

24. **What does affect the value of company?**

(a) Capital cost (b) Market price of shares

(c) Both (a) and (b) (d) None of these

25. **What out of the following is the effect of optimum capital structure?**

(a) Capital cost-minimum (b) Total value of company-maximum

(c) Both (a) and (b) (d) Market price of shares minimum

26. **What capital out of the following should be used in case of better cash flow position?**

(a) Debt Capital (b) Equity Share Capital(c) Both of the above (d) None of these

27. **What capital out of the following should be used in case of low rate of interest on debt?**

(a) Equity Share Capital (b) Preference Share Capital(c) Debt Capital (d) None of these

28. **A company is attracted to what capital out of the following with reference to floatation costs?**

(a) Equity Share Capital (b) Preference Share Capital(c) Debt Capital (d) None of these

29. **What capital out of the following is better with reference to control?**

(a) Equity Share Capital (b) Preference Share Capital

(c) Debt Capital (d) None of these

30. **Fixed capital means that capital which is used in purchasing _____ assets.**

(a) Current assets (b) Fixed assets

(c) Material (d) All the above

31. **Use of machines makes the use of fixed capital _____ .**

(a) More (b) Nil (c) Less (d) Very little

32. **When the fixed assets are available on rent the need for fixed capital is _____.**

(a) More (b) Excessive (c) Nil (d) Less

33. **The difference between current assets and current liabilities is called _____.**

(a) Net working capital (b) Gross working capital
(c) Fixed capital (d) Working capital

34. **_____ will be the amount of net working capital if the value of current assets is ™ 50,000 and the current liabilities is ™35,000?**

(a) ™ 50,000 (b) ™ 35,000 (c) ™15,000 (d) ™ 85,000

35. **Enough working capital is an index of the _____ of business.**

(a) Strength (b) Weakness (c) Liquidity (d) Loss

36. **The objective of working capital is to determine the _____ amount of current assets and current liabilities.**

(a) Maximum (b) Minimum (c) Optimum (d) Equal

37. **Those organisations which make cash sales need _____ working capital.**

(a) Less (b) Nil (c) More (d) Very much

38. **In case of price-rise _____ working capital is required in order to maintain the previous level of production.**

(a) Less (b) More (c) Nil (d) Very little

39. **In what type of organisations is the investment in fixed assets essential?**

(a) Trading (b) Manufacturing

(c) Both (a) & (b) (d) None of these

40. **What is the decision to invest in fixed assets called?**

(a) Management of working capital

(b) Capital budgeting

(c) Financing decision

(d) None of these

41. **Which investment decisions are difficult to be changed?**

(a) Fixed capital decision (b) Working capital decision

(c) Both (a) & (b) (d) None of these

42. **Which of the following is not included in current assets?**

(a) Cash (b) Stock

(c) Debtor (d) Long-term investment

43. **Why is working capital important?**

(a) To buy land

(b) To buy building

(c) To make payment for routine expenses

(d) To buy machine

44. **What is the meaning of the management of working capital?**

(a) To maintain the continuity of sufficient amount of working capital.

(b) To make cash available in large amount.

(c) To keep the working capital at the minimum level.

(d) To keep the working capital at the maximum level.

45. **What out of the following happens because of the optimum amount of working capital?**

(a) Profitability increases (b) No decrease in liquidity

(c) Both (a) & (b) (d) Decrease in liquidity

46. **There is more need of working capital in businesses where the demand to be seasonal. What out of the following is the cause?**

(a) Capital remains stuck up for a long time in the raw material

(b) Capital remains stuck up for a long time in the manufactured goods

(c) Both the above

(d) More machines are needed

Answers: 1. (b), 2. (b), 3. (c), 4. (b), 5. (a), 6. (b), 7. (c), 8. (d), 9. (d), 10. (a), 11. (c),
12. (b), 13. (d), 14. (a), 15. (d), 16. (b), 17. (d), 18. (a), 19. (b). 20. (b), 21. (b), 22. (a), 23. (c), 24. (c), 25. (c), 26. (a), 27. (c), 28. (c), 29. (c), 30. (b), 31. (a), 32. (d), 33. (a), 34. (c), 35. (c), 36. (c), 37. (a), 38. (b), 39. (b), 40. (b), 41. (a), 42. (d), 43. (c), 44. (a), 45. (c), 46. (c).

NCERT ZONE: EXERCISE

Multiple Choice Questions

1. **The cheapest source of finance is:**

(a) Debenture (b) Equity share capital

(c) Preference share (d) Retained earning

2. **A decision to acquire a new and modern plant to upgrade an old one is a:**

(a) Financing decision (b) Working capital decision
(c) Investment decision (d) None of the above

3. **Other things remaining the same, an increase in the tax rate on corporate profits will:**

(a) Make the debt relatively cheaper

(b) Make the debt relatively dearer

(c) Have No impact on the cost of debt

(d) We Can't stay

4. **Companies with a higher growth pattern are likely to:**

(a) Pay lower dividends

(b) Pay higher dividends

(c) Dividends are not affected by growth considerations

(d) None of the above

5. **Financial leverage is called favourable if:**

(a) Return on Investment is lower than the cost of debt

(b) ROI is higher than the cost of debt

(c) Debt is easily available

(d) If the degree of existing financial leverage is low Debt

6. **Higher debt-equity ratio** =EquityG**results in:**

(a) Lower financial risk (b) Higher degree of operating risk

(c) Higher degree of financial risk (d) Higher EPS

7. **Higher working capital usually results in:**

(a) Higher current ratio, higher risk and higher profits

(b) Lower current ratio, higher risk and profits

(c) Higher equity, lower risk and lower profits

(d) Lower equity, lower risk and higher profits

8. **Current assets are those assets which get converted into cash:**

(a) Within six months (b) Within one year

(c) Between one and three years (d) Between three and five years

9. **Financial planning arrives at:**

(a) Minimising the external borrowing by resorting to equity issues

(b) E ntering that the firm always have significantly more fund than required so that there is no paucity of funds

(c) Ensuring that the firm faces neither a shortage nor a glut of unusable funds

(d) Doing only what is possible with the funds that the firms have at its disposal

10. **Higher dividend per share is associated with:**

(a) High earnings, high cash flows, unstable earnings and higher growth opportunities

(b) High earnings, high cash flows, stable earnings and high growth opportunities

(c) (c) High earnings, high cash flows, stable earnings and lower growth opportunities

(d) (d) High earnings, low cash flows, stable earnings and lower growth opportunities

11. **A fixed asset should be financed through:**

(a) Long-term liability

(b) A short-term liability

(c) A mix of long and short-term liabilities

12. **Current assets of a business firm should be financed through:**

(a) Current liability only

(b) Long-term liability only

(c) Both types (i.e. long and short-term liabilities)

Answers: 1. (d), 2. (c), 3. (a), 4. (a), 5. (b), 6. (c), 7. (a), 8. (b), 9. (c), 10. (c), 11. (a), 12. (c).

FINANCIAL MARKET

Multiple Choice Questions

1. **Financial market _____ financial assets.**

(a) Creates (b) Exchange (c) Creates and Exchange (d) None of the above

2. **_____ is a part of money market.**

(a) Commercial Bill (b) Equity share (c) Preference share (d) Debentures

3. **Money market deals in _____ securities.**

(a) Short-term (b) Long-term (c) Short-term and long-term (d) Mid-term

4. **The term of the Treasury Bill cannot be more than _____ year.**

(a) One (b) Two (c) Five (d) Ten

5. **Call money or call loans are _____ .**

(a) Fixed (b) Liquid (c) Costly (d) Cheap

6. **It is necessary for an investor to obtain Certificate of Deposits for ™ _____ lakh.**

(a) 5 (b) 10 (c) 25 (d) 50

7. **_____ is a part of capital market.**

(a) Call Money (b) Primary Market(c) Secondary Market (d) Primary and Secondary Market

8. **Primary market is associated with _____ issues.**

(a) Old (b) New (c) Old and New (d) Very Old

9. **Secondary market deals with the _____ of existing securities.**

(a) Purchase (b) Sale

(c) Purchase-sale (d) Stock

10. **Which is the major part of financial system?**

(a) Financial market

(b) Financial institutions

(c) Financial securities

(d) All of above

11. **Which of the following is included in the financial assets?**

(a) Shares (b) Debentures (c) Treasury bill (d) All the above

12. **Which of the following is the supply side of finance?**

(a) Financial Institutions

(b) Insurance Companies

(c) Financial Institutions and Insurance Companies

(d) Industry

13. **Which of the following performs the functions of giving imputes to saving and transfer them to more productive uses?**

(a) Wholesale Market (b) Retail Market

(c) Financial Market (d) Financial Institutions

14. **Which of the following falls in the Category of Zero Coupon Bond?**

(a) Treasury Bill(b) Commercial Paper(c) Certificate of Deposit (d) Commercial Bill

15. **Which of the following is the method of collecting capital?**

(a) Public Issue (b) Offer for Sale (c) Private Placement (d) All the above

16. **Sensex is dependent on _____ companies.**

(a) 30 (b) 50

(c) 100 (d) 500

17. **The Index of NSE is called _____ .**

(a) INDEX (b) NIFTY

(c) SENSEX (d) LISTING

18. **Educating the investor is the _____ function of SEBI.**

(a) Protective (b) Regulatory

(c) Both the above (d) Developmental

19. **Which of the following takes advantage of the internal trading?**

(a) All shareholders

(b) All Debentureholders

(c) People having secret information of the company

(d) All the employees

Answers: 1. (c), 2. (a), 3. (a), 4. (a), 5. (b), 6. (c), 7. (d), 8. (b), 9. (c), 10. (d), 11. (d),12. (c), 13. (c). 14. (a), 15. (d), 16. (a), 17. (b), 18. (a), 19. (c).

NCRT ZONE EXCERCISE

Multiple Choice Questions

1. **Primary and secondary markets:**

(a) Compete with each other (b) Complement each other

(c) Function independently (d) Control each other

2. **A Treasury Bill is basically:**

(a) An instrument to borrow short-term funds

(b) An instrument to borrow long-term funds

(c) An instrument of capital market

(d) None of the above

Answers: 1. (b), 2. (a).

MARKETING MANAGEMENT

Multiple Choice Questions

1. **According to the traditional point of view _____ is called market.**

(a) Actual Buyer (b) Possible Buyer(c) The group of actual and possible buyers (d) Special Place

2. **_____ is called marketeer.**

(a) Satisfaction Seeker (b) Satisfaction Provider(c) Brand Name (d) Brand Mark

3. **Customer is the _____ of the market.**

(a) King (b) Servant (c) Sympathiser (d) Seller

4. **With the onset of the thought of producing a thing the process of _____ starts.**

(a) Buying (b) Selling (c) Marketing (d) Producing

5. **_____ starts after the production of things.**

(a) Buying (b) Selling (c) Marketing (d) Advertising

6. **_____ point of view lays stress upon customer's welfare.**

(a) Production (b) Product (c) Marketing (d) Social Marketing

7. **_____ is the central point in the marketing point of view.**

(a) Customer's satisfaction (b) Customer's welfare

(c) Quality of the Product (d) Quantity of Product

8. **'Products are not purchased but sold', with which point of view is this statement associated?**

(a) Product (b) Sale (c) Production (d) Marketing

9. **The collection of utilities is known as _____ .**

(a) Purchaser (b) Seller (c) Product (d) Market

10. **Which of the following is the function of marketing?**

(a) Promotion (b) Physical Distribution (c) Transport (d) All the above

11. **Under which of the following importance is given to consumer's satisfaction?**

(a) Marketing (b) Selling (c) Production (d) Selling and Production

12. **Under which philosophy of marketing, efforts are made to bring down the cost of production to the minimum?**

(a) Production concept (b) Product concept

(c) Marketing concept (d) Selling concept

13. **Under which concept the companies push for the betterment of the quality of their products in their efforts for marketing?**

(a) Production concept (b) Product concept

(c) Marketing concept (d) Selling concept

14. **Customer's satisfaction alone can ensure success. Which marketing concept holds this view?**

(a) Production concept (b) Product concept

(c) Marketing concept (d) Selling concept

15. **Which of the following is a factor of marketing mix?**

(a) Product (b) Price (c) Promotion (d) All the above

16. **Which of the following is the example of Dunlop?**

(a) Branding (b) Brand (c) Brand Name (d) Brand Mark

17. **Which of the following is the example of Shaving Cream?**

(a) Primary Packaging (b) Secondary Packaging

(c) Transport Packaging (d) None of the above

18. **_____ is compulsory for advertisement.**

(a) Expenditure (b) Effort (c) Both the above (d) Television

19. **_____ is an advantage of advertisement.**

(a) Better Reach (b) Less Effective (c) Rigidity (d) Lack of Feedback

20. **_____ is objection to advertisement.**

(a) Undermines social values

(b) Decrease in price

(c) Knowledge on various products

(d) Improvement in Quality of Product

21. **_____ removes doubts immediately.**

(a) Advertisement (b) Personal Selling (c) Sales Promotion (d) Publicity

22. **_____ develop relationship.**

(a) Publicity (b) Advertisement (c) Sales Promotion (d) Personal Selling

23. **_____ makes flexibility available.**

(a) Publicity (b) Advertisement (c) Sales Promotion (d) Personal Selling

24. **Which of the following plays an important role in introducing a new product to the consumers?**

(a) Publicity (b) Personal Selling (c) Sale Promotion (d) Advertisement

25. **Which of the following can offer expert opinion to the consumers?**

(a) Publicity (b) Advertisement

(c) Sale Promotion (d) Personal Selling

26. **Sales promotion is helpful in making _____ effective.**

(a) Advertisement (b) Personal selling (c) Both the above (d) Publicity

27. **Which of the following is a sales promotion activity?**

(a) Rebate (b) Discount (c) Product Combination (d) All the above

28. **'Providing finance at 0%' which of the following adopts this method.**

(a) Advertisement (b) Personal Selling (c) Sales Promotion (d) Publicity

Answers: 1. (d), 2. (b), 3. (a), 4. (c). 5. (b), 6. (d), 7. (a), 8. (b), 9. (c), 10. (d), 11. (a), 12. (a), 13. (b). 14. (c), 15. (d) 16. (c), 17. (a), 18. (c), 19. (a), 20. (a), 21. (b), 22. (d), 23. (d), 24. (b), 25. (d), 26. (c), 27. (d), 28. (c).

CONSUMER

PROTECTION

Multiple Choice Questions

1. **To provide protection to the consumers against the improper behaviour of the producers and sellers is called _____ .**

(a) Consumers Protection Act (b)Consumer Protection

(c) Consumer Welfare (d) Consumer Education

2. **Under the amended Consumer Protection Act, 1993 the time limit for filing a complaint has been limited to a period of _____ year.**

(a) Two (b) Three (c) Four (d) Five

3. **When a single consumer fails to get his rights protected, he seeks the help of _____ .**

(a) Trade Union (b) Consumer Association(c) Labour Union (d) None of the above

4. **Don't purchase in haste', this is an important _____ of the consumer.**

(a) Responsibility (b) Right (c) Act (d) All the above

5. **The consumer organisations collect the samples of the products for _____ .**

(a) Sell them (b)Check them(c)Get bribe from the sellers

(b) Distribute them among the poor

6. **Consumer organisations are making efforts to _____ their number.**

(a) Increase (b) Decrease(c) Stabilise d) None of the above

7. **Disputes of _____ amount are settled at the level of District Forum?**

(a) Upto rupees ten lakh

(b) Upto rupees thirty lakh

(c) Upto rupees fifty lakh

(d) Upto rupees twenty lakh

8. **_____ is not a part of the three tier judicial machinery?**

(a) Tehsil Forum

(b) District Forum

(c) State Commission

(d) National Commission

9. **_____ broadcasts the programme 'Apne Adhikar' with reference to consumer protection?**

(a) All India Radio (b) Doordarshan(c) Advertising Agency (d) All of these

10. **_____ is an example of the unfair trade practice?**

(a) Hoarding

(b) Issuing a gift scheme

(c) Not observing prescribed standards

(d) All of these

11. **Which of the following Acts is related to the Consumer's protection?**

(a) Consumer Protection Act, 1986

(b) Indian Companies Act, 1956

(c) Indian Partnership Act

(d) Indian Contract Act

12. **A producer of Surajmukhi claimed in an advertisement in a national newspaper that his product has large amount of vitamins, Minerals and Proteins. However, tests indicated that it was a false claim. Whose example is this?**

(a) Exploitation of consumer

(b) Welfare of consumer

(c) Information for consumer

(d) None of these

13. **Which of the following happens to be a feature of the Consumer Protection Act?**

(a) Coverage of items

(b) Coverage of sectors

(c) Compensatory nature of provisions

(d) All of these

14. **Which of the following is not a part of the three-tier grievance redressal machinery?**

(a) International Commission

(b) National Commission

(c) State Commission

(d) District Forum

15. **Who, of the following, cannot be considered a consumer?**

(a) A person who buys things to further sell them consideration.

(b) A person who gets things without consideration.

(c) A person who uses things without the permission of the purchasers.

(d) All the above

16. **Which of the following is not the example of unfair trade practice?**

(a) Wrong information about goods/services.

(b) Compelling consumers to buy gas stove while getting gas connection.

(c) Not observing prescribed standards.

(d) Indulging in hoarding

17. **Supplying wrong bills by the Electricity and Telephone Departments exemplifies which of the following?**

(a) Deficiency of services (b) Defective things (c) Charging more price (d) Unfair trade practice

18. **Which of the following is a basis for a complaint?**

(a) Defective things (b) Deficiency in service(c) Charging more price (d) All of these

19. **Who of the following cannot file a complaint?**

(a) Individual consumer

(b) Consumer association that has not been recognised

(c) Central government

(d) State government

20. **Which of the following is a consumer organisation?**

(a) Common Cause, New Delhi(b) Voice, New Delhi

(c) Consumer Forum, Udipi (d) All of these

Answers: 1. (b), 2. (a), 3. (b), 4. (a). 5. (b), 6. (a), 7. (d), 8. (a), 9 (a), 10. (d), 11. (a), 12. (a), 13. (d), 14. (a). 15. (d), 16. (b), 17. (a), 18. (d), 19. (b), 20. (d).

SAMPLE QUESTION PAPER Business Studies CLASS-XII

2014-2015

1. What is meant by 'Effectiveness in Management'? 1
2. How does coordination ensure unity of action in Management 1
3. Define 'Planning premises' 1
4. National Vritech Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs its market share is declining. To cope up with the situation CEO starts delegating some of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organization. Identify the concept of management discussed above. 1
5. Which component of capital structure determines the overall financial risk? 1
6. Amit is running an 'Advertising agency' and earning a lot by providing this service to big industries. State whether the working capital requirement of the firm will be 'less' or 'more'. Give reason in support of your answer 1
7. Zoom Udyog, a car manufacturing Co., has started its business with Zoom 800 and slowly launched Zoom-1000, Wagon-Z, Swy-fy etc. and offered various services like after sale service, availability of spare parts etc. Identify the element of marketing mix referred here. 1
8. Himesh after completing his graduation started working with a multinational company in Delhi. But due to ill health of his parents he had to go back to his village. There he noticed that the villagers were literate but ignorant about their rights. Many vegetable vendors were using stones as weights to sell their vegetables. Some

CBSE SAMPLE PAPERS

shopkeepers were selling food items without having 'FPO mark'. Villagers did not find anything wrong with these practices. So to create awareness among villagers Himesh decided to publish a weekly Journal 'Jan Jagriti'. State the 'Right' whichHimesh has exercised by doing so. 1

9. State any three advantages that a functional structure offers to an organization. 3

10. 'Choice of an appropriate channel of distribution is very important marketing decision which affects the performance of an organization'. Explain any two factors on which the choice of an appropriate channel depends. 3

11. Zenith Ltd. is a highly reputed company and many people wanted to join this company.The employees of this organization are very happy and they discussed how they came in contact with this organization.

Aman said that he was introduced by the present Sales manager, Mr. John.

Benu said that he had applied through the newspaper and was appointed as H.R Manager.

Vaibhav said that he was neither related to any of the employee of the organization nor there was any advertisement in the newspaper even then he was directly called from IIM Ahmedabad from where he was about to complete his MBA.

a) The above discussion is indicating an important function of management. Name the function of management

b) The management function identified in part (a) follows a particular process. Explain the step of this process which is being discussed in the above para. 1+2

12. Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather.

As no trading is now done in physical form, Supriya wants to know the process

CBSE SAMPLE PAPERS

by adopting which she is in a position to deal with these certificates.

a)Identify and state the
Process.

a) Also give two reasons to Supriya why dealing with shares in physical form had been stopped.

1+2

13. The barriers to effective communication exist in all organizations. Explain any three measures to overcome these barriers.

3

14. Define Business Environment. State any three of its features. 4

15. Mr. Ajay after completing MBA from USA comes to India to start a new business under

the banner Ecom Creations Ltd. He launches a new product in e-learning for Senior Secondary School students in Commerce stream, which already has an established market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also.

Identify and quote the lines from above para which highlight the significance of understanding business environment. 4

16. Rajeev, the owner of Pathways constructions decided to start a campaign to create awareness among people for developing clean surroundings in their area. He formed a team of 10 members to list the different ways for cleaning the surroundings. One suggested to take the help of local residents, another suggested that they may involve school going children in their venture. One more suggestion was to take the help of unemployed youth. On evaluation of different ways, it was

SAMPLE PAPERS

decided to take the help of local residents. To achieve the desired goal various activities were identified like

a) Purchase of necessary items like dustbins, garbage bags, brooms, etc.;
b) Collection of garbage;
c) Disposal of garbage, etc.

After identification of different activities the work was allocated to different members.

i. Identify the concepts of management involved in the above situation and quote the lines which help in their identification.
ii. Also identify the values which the company wants to communicate to the society 4

17. Blue Heavens Ltd. purchased a new hi-tech machine from Germany for manufacturing high quality auto components in a cost effective manner. But during the production process, the manager observed that the quality of production was not as per standard. On investigation it was found that there was lack of knowledge amongst the employees of using these hi-tech machines. So, frequent visit of engineers was required from Germany. This resulted in high overhead charges.

(i) Suggest what can be done to develop the skills and abilities of employees for producing high quality products by using these hi-tech machines. Also state how the employees or the organization will benefit from your suggestion. 4

18. Explain any four functions of financial market. 4

19. Radha found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Zest, Ltd.. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to a consumer activist group to seek help. The group decidedto help Radha and take measures to impose restrictions on the sale of the firm's products

LE PAPERS

of the particular batch and urge customers to refrain from buying the products of the company. Zest Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.

a) Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.

b) Also explain the role of above identified concept by stating any two points. 4

20. A company is manufacturing washing machines. There is a well defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing business environment. The workforce is

also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition to creative talents.

(i) Suggest how the organization can overcome the problems faced by it.

(ii) Give any two benefits it will derive from your suggestion. 5

21. State the importance of directing function of management. 5

22. Mr. Nath, a recently appointed production manager of Suntech Ltd. has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. After analysis he found that employees were demotivated

and not putting in their best for achieving the target. Mr. Nath's behavior is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like: 5

- Installing award or certificate for best performance
- Rewarding an employee for giving valuable suggestions
- Congratulating the employees for good performance

a) Identify the functions of management highlighted in the above paragraph. b) State the‘ incentive’ under which the employees are motivated.

c) State any two values which the production manager wants to communicate to the society by his work and behaviour.

23. Explain the following principles of management given byFayol. 6

a) Unity of command

b) Order

24. It is necessary that goods and services must be made available to the customers at the right place, in the right quantity and at right time. 6

a) Name and explain the concerned element of Marketing Mix given above.

b) Explain the components of this element

25. Tata International Ltd. earned a net profit of Rs.50 crores. Ankit the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Identify the decision that Ankit will have to take and also discuss any five factors which help him in taking this decision. 6

Marking Scheme

Business Studies

(054) Class-XII

1. Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result. 1

2. Coordination acts as the binding force between departments & ensures that all actions are aimed at achieving the goals of the organization. 1

3. The Manager is required to make certain assumptions about the future, which are the base material upon which plans are to be drawn. These assumptions are called premises. 1

4. Decentralization 1

5. Debt 1

6. Less working capital is required as service industries which usually do not have to maintain inventory require less working capital. 1

7. Product. 1

8. Right to consumer education. 1

9. Advantage of functional structure (any three).

a) Functional structure leads to occupational specialization.

b) It promotes control and coordination within the department.

C) It helps in increasing managerial and operational efficiency and this resultsin an

increase in profits. d) It leads to minimal duplication of effort.

e) It makes training of employees easier.

f) It ensures that different functions get due attention. (1x3)

CBSE SAMPLE PAPERS

10. Factors affecting choice of channel of distribution. (any two)

(i) Product related

factors (ii) Company

characteristics (iii)

Competitive factors

(iv) Market factors

(v) Environmental factors

(1/2 mark for the heading and 1 mark for the explanation) (1 ½ x2)

11.a) Staffing

b) Recruitment- It is defined as the process of researching for prospective employees and stimulating them to apply for jobs in the organization. (1+2)

8. A) De-materialization – It is a process where securities held by the investor in physical form are cancelled and the investor gives an electronic entry or number so that she/he can hold it as an electronic balance in an account

(1X2)

Problems with dealing in physical form –

(Any two) (i) Theft

(ii) fake/forged transfers

(iii) Transfer delays

(iv)Paper work associated with share certificates or debentures held in physical form.

(1/2+1/2)

CBSE SAMPLE PAPERS

13. Measures to overcome barriers to communication (any three)

a) Clarify the ideas before communication

b) Communicate according to needs of receiver

c) Be aware of languages, tone & content of message

d) Ensure proper feedback

e) Communicate for present as well as future

f) Be a good listener

(

1x3) (1/2 mark for heading+ ½ mark for explanation)

14. The term 'business environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance (1) Features of business environment (any 3)
(i) Totality of

external forces (ii)

Specific & general

forces (iii) Inter

relatedness

(iv)Uncertainty

(v) Complexity

(vi) Relativity

(vii) Dynamic Nature

(1

x3)

15.a) "Comes to India to start a new business -------- launches a new product in e-learning for Senior secondary school students in Commerce stream it helps in"

1. Assisting in planning and policy formulization

CBSE SAMPLE PAPERS

2. It enables the firm to identify opportunities and getting the first

mover advantage. b)“ His business starts flourishing in India”

3. It helps in improving performance

c) Now more Indian companies entered into the market with different subjects also

4. It helps the firm to identify threats & early warning signals.

(1 x4)

16. (i) Concepts involved – Planning and Organising

Lines for planning–

‘one suggested…….unemployed youth’

‘on evaluation……. local residents’

‘campaign to create awareness……surroundings’

Lines for organizing –

‘To achieve……disposal of garbage etc.’

‘after identification of different activities….. different members’

(1+1)

(iii) Values :(Any

two) Respect for

environment;

Team – work;

(

1+1) Fulfilling social responsibility.

(Or any other suitable value)

17. Training of employees

CBSE SAMPLE PAPERS

1

Benefits to the organization or employees:

(any three) (i) Avoid wastage of effort &

money

(ii) Enhances employee productivity

(iii) Equips future managers

(iv) Increases employee morale & reduces absenteeism

(v) Obtaining effective response to fast changing environment

(vi). Improved skills and knowledge of the individual

(vii). Increased performance by the individual

(viii). Employee more efficient to handle machines

(1 x3)

18. Four functions of financial market are:-

(i) Mobilization of saving & channeling them into the most productive use

(ii) Facilitating price discovery

(iii) Providing liquidity to financial assets

(iv) Reducing the cost of transactions

(1x4) (1/2 mark for heading + ½ mark for explanation)

19. A) Public Relations

1

B) Role of Public Relations can be discussed with respect to the functions which the

SAMPLE PAPERS

department performs
(any two)

(i) Press Relations

(ii) Product Publicity

(iii) Corporate communication

(iv) Lobbying

(v) Counselling (1

½ x2) (1/2 marks for heading+ 1 mark for explanation)

20. (i) Introduction of informal

organization

(2) (ii) Two benefits the firm will derive are: (1 ½

x2)

a) Faster spread of communication & quick feedback.

b) It helps to fulfill the social needs of the members and enhances

their job satisfaction. C) Fulfillment of organizational objectives.

21. Importance of directing

1. Directing helps to initiate action

2. Directing integrates employees efforts

3. Directing motivates & leads employees to fully realise their potential

4. Directing facilitates introduction of changes needed in the organization.

5. Directing helps to bring stability & balance in the organization by fostering cooperation & commitment among employees

ADLE PAPERS

(1x5=
5)

22 a) Controlling and directing
(1
+1)

b) Employee recognition programme (non – monetary

incentive)

1 c) Value (any two)

Sensitivity to environment;

Good behavior towards employees

Team work with employees

(or any other suitable value)
(1x2
)

23. Unity of

command

(3) There should be one & only one boss for every individual

employee

1

If an employee gets orders from two supervisors at the same time, the principle is violated
1

Consequences of
violation -authority is undermined, discipline is in jeopardy, order disturbed, stability
threatened.
1

Order

(3)

People & materials must be in suitable places at appropriate time for maximum efficiency

1

A place for everything (everyone) & everything (everyone) in its (her/his) place i.e orderliness

1

Benefits of the principle – no hindrance in the activities of business, increased productivity and efficiency.

1

24. a) Name – Place/physical distribution

1

The physical handling and movement of goods from place of production to the place of distribution is referred to as physical distribution.

1

Elements of Physical distribution/ Place

4

1Transportation

2. Warehousing

3. Inventory control

4. Order Processing

(½ m for heading + 1/2 m for explanation)

25. Dividend decision

1

Factors affecting dividend decision (Any 5)

CBSE SAMPLE PAPERS

1. Amount of earnings

2. Stability of earnings

3. Stability of dividend

4. Growth opportunities

(1× 5=5)

5. Cash flow position (1/2 m for heading + ½ m for explanation)

6. Shareholders preference

7. Taxation policy

8. Stock market reaction

9. Access to capital market

10. Legal constraints

11. Contractual constraints

BUSINESS TUDIES
SAMPLE PAPER
2015-16

S.No.	Questions and Answers	Marks and Typology
1	State any one characteristic of co-ordination.	1K
2	How does management help in increasing efficiency?	1U
3	What is meant by “single use plan.?”:	1K

CBSE SAMPLE PAPERS

4	Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research &Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavendear, Mogra, Lemon Grass, Green Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living in the contemporary life style. The company decided to allocate Rs.30 crores to achieve the objective. Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market.	1H
5	Reshu's father has gifted her shares of a large cement company, with which he had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities. She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker.	1A
6	How do rising prices affect the requirement of working capital of an organisation?	1U
7	Good Living Ltd. manufactures mosquito repellent tablets. These tablets are packed in strips of 12 tablets each. Each of these strips are packed in a cardboard box, 48 such boxes are then placed in a big corrugated box and delivered to various retailers for sale. State the purpose of packaging the tablets in a corrugated box.	1A
8	Shreemaya Hotel in Indore was facing a problem of low demand for its rooms due to off season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the Marketing Manager, Mr.Kapoor for his advice. He suggested, that the hotel should announce an offer of '3 Days and 2 Nights hotel stay packaged with free breakfast and one day religious visit to Omkarehswar and Mahakaleshwar Temples'. The MD liked the suggestion very much. Identify the promotional tool, which can be used by the hotel, through which large number of prospective pilgrimage tourists, all over the country and also abroad, can be reached, informed and persuaded to use the incentive.	1H
9	State any three points which highlight the importance of delegation for an	3K
10	Explain any two factors affecting price of a product.	3U
11	'If anything goes wrong with the performance of key activities, the entire organization suffers. Therefore, the organization should focus on them.' Explain the statement with a suitable example.	3U

12	Aakanksha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organisation with a view to increasing managerial and operational efficiency. They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women, and the people with special needs belonging to the rural area. State the next three steps that they will have to undertake, for obtaining a satisfied workforce for their handicraft unit.	3H	III
13	Saqib Ltd. is a large credit worthy company operating in the Kashmir Valley. It is an export oriented unit, dealing in exclusive embroidered shawls. The floods in the Valley have created many problems for the company. Many craftsmen and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw material, and the duration of the production cycle has also increased. To add to the problems of the organisation, the suppliers of raw material who were earlier selling on credit are asking the company, for advance payment or cash payment on delivery. The company is facing a liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short term shortage of cash. As a finance manager of the company name and explain the alternative to bank borrowing that the company can use to resolve the crisis.	3A	IV

14	Nutan Tiffin Box service was started in Mumbai by Mumbai Dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently they have started online booking system through their website 'mydabbawala.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the dabbawalas were invited as guest lecturers by top business schools. The Dabbawalas operate in a group of 25-30 people along with a group leader. Each group teams up with other groups in order to deliver the tiffin on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade- No alcohol during working hours; No leave without permission; Wearing of white cap & carrying ID cards during business hours. Recently on the suggestion of a few self motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffins by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later. a) State any one principle of management given by Fayol & one characteristic of management mentioned in the above case. b) Give any two values which the Dabbawalas want to communicate to the society.	(2+2) = 4 (E&M)	1
15	Kiran Industries is a company manufacturing office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organisation. After evaluating the various alternatives Sukhvinder, the Managing Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity. a) Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer. b) State any two limitations of this framework.	4H	II
16	Mrs. Rajlaxmi is working as the Human Resource Consultant in a firm manufacturing cosmetic, which is facing a problem of high employee turnover. The CEO of the company has invited suggestions from her for retaining the talented employees & reducing the employee turnover. Mrs. Rajlaxmi recommends that the good employees be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them contribute towards the growth of the organization. a) Identify the incentive and explain its type, which has been suggested by Mrs. Rajlaxmi to the CEO of the company. b) Also explain any two other incentives of the same type.	4A	III
17	Enumerate any two techniques of scientific management.	4K	1

18	"A financial market is for the creation and exchange of financial assets." Explain any two of its functions.	4U	IV
19	"Every time I travelled, people asked me to bring them chips, khakra and pickles from all over the country," says Anoushka. Finally, she and her colleague, Sumeet, decided to make a business out of it. They launched a facebook page, asked people what they wanted, and they came up with a list of about 100 places and tied up with two dozen vendors to begin with. They were servicing people from Jaipur who wanted spices from Kerala, people from Panipat who wanted halwa from Jammu and people from Delhi who ordered for fresh tea leaves from Darjeeling. Through their business they wished to bridge the gap between sellers and buyers. The business is now worth millions. Explain any two important activities that Anoushka and Sumeet will have to be involved in for making the goods available to the customers at the right place, in the right quantity and at the right time.	4H	V
20	Joseph Bros. was a firm manufacturing jute lamp shades. It uses left over jute pieces from various jute factories to manufacture economical lamp shades which are supplied to various hotels in nearby towns. It employs men and women from nearby villages as workers for creating good lamp shade designs. Joseph Bros., is not able to meet its targets. Namish, the supervisor of the company, was told to analyse the reasons for the poor performance. Namish found following problems and suggested certain solutions in the working of the business. The number of workers employed was less than what was required for the work. As a result, the existing workers were overburdened. The firm decided to search for new workers and it asked the present employees to introduce candidates or recommend their friends and relatives to the firm. This enabled the firm in "putting people to jobs" and assured attainment of objectives according to plans. a) Identify the functions of management being performed by the firm in the above situation. b) Name the concept and its source used by the firm to attract more workers for the firm. c) State any two values being followed by Jacob Bros.	(2+1+2) = 5 (E&M)	III
21	Suhasini a home science graduate from a reputed college has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable price. She discussed her idea with her teacher (mentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the option to sell readymade and 'ready to make' vegetable shakes and sattu milk shakes. Then, they both weighed the pros and cons of both the shortlisted options. a) Name the function of management being discussed above and give any one of its characteristics. b) Also briefly discuss any three limitations of the function discussed in the case.	5A	II
22	State any five semantic barriers to communication in an organization.	5K	III

23	"A good understanding of environment by business managers enables them not only to identity and evaluate but also to react to the forces external to their firm." In the light of the above statement explain any four points of importance of understanding business environment by a manager.	6U	1
24	Shalini, after acquiring a degree in Hotel Management and Business Administation took over her family food processing company of manufacturing pickles, jams and squashes. The business was established by her great grandmother and was doing reasonably well. However the fixed operating costs of the business were high and the cash flow position was weak. She wanted to undertake modernisation of the existing business to introduce the latest manufacturing processes and diversify into the market of chocolates and candies. She was very enthusiastic and approached a finance consultant, who told her that approximately Rs.50 lakh would be required for undertaking the modernization and expansion programme. He also informed her that the stock market was going through a bullish phase. (a) Keeping the above considerations in mind, name the source of finance Shalini should not choose for financing the modernization and expansion of her food processing business. Give one reason in support of your answer. (b) Explain any two other factors, apart from those stated in the above situation, which Shalini should keep in mind while taking this decision.	6H	IV
25	Aman a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started, in which 111 trees are planted every time a girl child is born. To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels. Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products. However, on visiting the village Aman found that the villagers were	A	6

	suffering exploitation at the hands of local merchants who were engaged in unscrupulous, exploitative trade practices like hoarding and black marketing of food productsand also selling unsafe, adulterated products to the villagers. After looking at their plight instead of a business organisation he decided to set up an organisation for the protection and promotion of the consumer interest of the villagers. State the functions that the organisation established by Aman will be performing. (Any six points)		

BUSINESS STUDIES

SAMPLE PAPER 2015-16

Marking Scheme

S.No.	Answers	Marks and Typology	Unit
Ans1	Any one characteristic. 1. Coordination integrates unrelated group efforts into purposeful work activity. 2. Coordination ensures unity of action in the realization of a common purpose. 3. Coordination is not a one-time function but it is a continuous function beginning with planning stage and continues till controlling. 4. Coordination is a pervasive function needed at all levels of management. 5. Coordination is the function of every manager in the organization. 6. Coordination is a function performed in a deliberate and conscious manner.	1 mark for the statement	I
Ans2	A manager reduces cost and increases productivity through better planning, organizing, directing, staffing and controlling the activities	1 mark	I
Ans3	A single use plan is developed for a onetime event. Such a course of action	1 mark	II
Ans4	Strategy	1 mark	II
Ans5	Permanent Account Number (PAN)	1 mark	IV
Ans6	With rising prices larger amounts are required to maintain a constant volume of production and sales. Thus working capital requirement of a business will be high.	1 mark	IV
Ans7	The packaging of tablets in a corrugated box is necessary for the purpose of storage, identification and transportation.	1 mark for the statement	V
Ans8	Advertising.		V
Ans9	Importance of Delegation (any three): (i) Delegation leads to effective management through empowerment of employees. (ii) Delegation helps in employee development by providing them with the chance to use their skills and experience. (iii) Delegation motivates employees by giving them responsibility which builds their self-esteem. (iv) Delegation facilitates growth by providing ready workforce to take up any expansion program. (v) Delegation provides basis of management hierarchy by establishing superior-subordinate relationship. (vi) Delegation helps in better coordination as it avoids overlapping of duties.	1 mark for the statement (1x3=3)	II

Ans10	Factors affecting price of a product: (Any two factors) (i) Product Cost (ii) Utility and Demand (iii) Extent of competition in the market (iv) Government and Legal Regulations (v) Pricing Objectives (vi) Marketing Methods used	1/2 mark heading + 1½ explanation ($1^{1/2}$ x 2=3)	V
Ans11	The statement refers to use of 'Critical Point Control', while analyzing deviations. It emphasizes that deviations in the key areas need to be attended more urgently as compared to deviations in certain insignificant areas. Control should, therefore focus on these key result areas which are critical to the success of an the organization. For example, in a manufacturing organization, an increase of 5 percent in the labour cost may be more troublesome than a 15 percent increase in postal charges. (or any other suitable example)	2 marks for explanation and 1 mark for example (2+1=3)	III
Ans12	The next three steps in the process of staffing are stated below: 1. <u>Recruitment</u> is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. 2. <u>Selection</u> is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. 3. <u>Placement and orientation</u> refers to the employee occupying the position or post for which the person has been selected and introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.	1 mark for each statement (1x3=3)	III
Ans13	Commercial Paper: It is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by large and creditworthy companies to raise short term funds at lower rate of interest than market rates. The issuance of commercial paper is an alternative to bank borrowing for large companies that are generally considered to be financially strong.	1 mark for naming and 2 marks for explanation (1+2=3)	IV
Ans14	a) Principles of management (any one) Stability of Personnel Initiative Discipline Esprit de corps 1 Characteristic of management (any one) Goal oriented Dynamic Intangible Force Multi Dimensional Group activity 1 b) Values that have been communicated by the Dabbawalas: (any two) 1. Fulfilling social responsibility; 2. Empathy towards disadvantaged children; 3. Team work. (or any other suitable value)	(1 mark each for the statement of the principle and feature) (1x2=2)	I

Ans15	(a). Divisional Structure- Reason in support of the answer (any one) 1. Product Specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. 2. Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. 3. It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making. 4. It facilitates expansion and growth as new divisions can be added without interrupting existing operations by merely adding another divisional head and staff for the new product line.	1 mark for the statement 1 mark each	II
	allocation of funds. 2. It may lead to increase in costs since there may be a duplication of activities across products. 3. Divisional interests may supersede organisational interests.	for the statement (1x2=2)	
Ans16	(a) Financial incentive. 1 Co -Partnership/ Stock Option 1 (b) Other financial incentives (any two): Pay and allowances Productivity linked wage incentives Bonus Profit Sharing Retirement Benefits Perquisites	1 mark for identifying the incentive 1/2 mark for identifying the type and 1/2 mark for the explanation 1/2 mark for the heading+1/2 mark for the explanation (1x2=2)	III

Ans17	Ans. Techniques of Scientific Management (any two) Functional Foremanship: The technique is to improve the performance of supervisor in the factory set up. Taylor suggested functional foremanship through eight persons. Functional Foremanship is an extension of principle of division of work and specialization at the shop floor. Motion Study - It refers to the study of movements like lifting, putting objects, sitting & changing positions etc. Which are undertaken while doing a typical job. Unnecessary movements are eliminated so that it takes less time to complete the job efficiently. Standardisation and simplification of work- The process of setting standards for every business activity. These standards are bench marks which must be adhered during production process. The standards were set for every business activity standardisation of process, raw material, time, product etc. Simplification aims at eliminating superfluous varieties, sizes and dimension. Method study the objective of method study is to find the one best way of doing the work Time study it determines the standard time taken to perform a well defined job, the objective of time study is to determine the number of workers to be employed Fatigue study. This study seeks to determine the amount and frequency of rest intervals in completion of a task Differential piece wage system. According to this there are different rate of wage payment, higher rate for the efficient members who performed above standard and lower rate for those who perform below standards.	(2+2=4)	I
Ans18	Functions of Financial Market. (any two) (i) Mobilisation of savings and channelling them into the most productive uses- (ii) Facilitating price recovery. (iii) Providing liquidity to financial assets. (iv) Reducing the cost of transaction.	1/2 mark for heading and 1 ½ mark for explanation	IV

Ans19	Activities/ Components of Physical Distribution: (Any two) 1. Order processing- A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which goods would reach the customers late or in wrong quantity or specifications. 2. Transportation- It is the means of carrying the goods and raw materials from the point of production to the point of sale. It is important because unless the goods are physically made available, the sale cannot be completed. 3. Warehousing- It refers to the act of storing and assorting products in order to create time utility in them. 4. Inventory Control- Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because lot of capital would be tied up in the stock. Thus, a balance is to be maintained in respect of the cost and customer satisfaction.	1/2 mark for the heading+ 1 1/2 mark for explanation (2x2=4)	V
Ans20	(a) Staffing and Controlling 2 (b) Recruitment, External Source of Recruitment (Recommendations of employees) 1 Values being followed by Joseph Bros. : (i) Creating employment opportunities. (ii) Utilizing resources efficiently by using leftover clothes. (any other suitable value.)	1x2=2	III
Ans21	(a) Planning. 1 Characteristics of planning (any one) 1 (i) Planning focuses on achieving objectives. (ii) Planning is a primary function of management (iii) Planning is pervasive (iv) Planning is continuous (v) Planning is futuristic (vi) Planning involves decision making (vii) Planning is a mental exercise (b) Any three limitations of planning: (i) Planning leads to rigidity (ii) Planning may not work in a dynamic environment (iii) Planning reduces creativity (iv) Planning involves huge cost (v) Planning is a time consuming process (vi) Planning does not guarantee success	1/2 mark for heading and ½ mark for the explanation (1x3=3)	II
Ans22	Semantic barrier to communication (Any five) (i) <u>Badly expressed message</u> may not convey intended meaning. (ii) <u>Symbols with different meanings</u> may be perceived differently by the receiver. (iii) Message originally drafted in one language may be misunderstood due to <u>faulty</u> translation	(1x5=5)	III

	differently due to unclarified assumptions. (v) Use of technical jargon by specialists may not be understood by others. (vi) Body language and gesture decoding may be misunderstood if		
Ans23	Importance of understanding business environment: (Any four) 1. It enables the firm to identify opportunities and getting the first mover advantage. 2. It helps the firm to identify threats and early warning signals. 3. It helps in tapping useful resources. 4. It helps in coping with rapid changes. 5. It helps in assisting in planning and policy formulation 6. It helps in improving performance	1/2 mark for the point heading and 1 mark for explanation (1 1/2x4=6)	I
Ans24	(a) Debt Any one reason 1. Due to weak cash flow position, the firm may not be able to honour fixed cash payment obligations. 2. Increased fixed operating cost will increase the business risk therefore debt should not be issued as it further increases the financial risk. 3. The stock market condition being bullish, the investors will prefer to buy equity shares. (b) Other factors which Shalini would keep in mind are: (any two) Return on Investment Tax Rate Cost of Equity Floatation Costs Flexibility Control Consideration Regulatory Framework Capital Structure of other companies. Debt Service Coverage Ratio Interest Coverage Ratio Cost of Debt	(1+1) 0.5 mark for the heading +1.5 mark for the explanation	IV
Ans25	Functions of an NGO: /Consumer organisation (any six) (i) Educating the villagers/general public about consumer rights by organising training programmes, seminars and workshops. (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, reliefs available and other matters of interest. (iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers. (iv) Encouraging consumers to strongly protest and take an action against exploitative and unfair trade practices of sellers. (v) Providing legal assistance to consumers by way of providing aid, legal advice etc, in seeking legal remedy. (vi) Filing complaints in consumer courts on behalf of consumers. (vii) Taking an initiative in filing cases in consumer courts in the interest of the villagers/general public, not for any individual.	(1x6=6)	VI

SAMPLE QUESTION PAPER

BUSINESS STUDIES (054) CLASS-XII

2016-17

Time allowed: 3 hours **Maximum marks: 80**

General Instructions:

i. **Answer to questions carrying 1 marks may be from one word to one sentence.**
ii. **Answer to questions carrying 3 marks may be from 50-75 words. iii. Answer to questions carrying 4-5 marks may be about 150 words. iv. Answer to questions carrying 6 marks may be about 200 words.**
v. **Attempt all parts of a question together**.

Q.No.	Questions	Typology and Marks	Unit
1	What did Taylor want to communicate through mental revolution?	1 R	1
2	What is meant by span of management?	1 R	2
3	Super Fine Rice Ltd. has the largest share of 55% in the market. The company‟s policy is to sell only for cash. In 2015, for the first time company‟s number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on it‟s previously tried and tested successful plans which didn‟t work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in it sales. Identify these limitations.	1 H	2
4	Why is it said that directing takes place where ever superiorsubordinate relationship exists?	1 U	3
5	When is financial leverage favourable?	1 U	4

6	ABC Ltd. issued prospectus for the subscription of its shares for ` 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ` 5 crores and banned its three executive directors for dealing in securities market for three years. Identify the function and its type performed by SEBI in the above case.	1 A	4
7	Ronit Raj, a marketing manager is a patient of diabetes for which he takes medicines regularly. One day, on his tour to Patna, he met with an accident and was hospitalised. Due to doctors" negligence a delicate nerve of his right leg was cut rendering hum crippled throughout his life. Identify the consumer right that has been violated by the doctors under the Consumer Protection Act, 1986 in the above situation.	1 H	5
8	Sirajuddin purchased a car for `15 lacs from an automobile company and found that its airbags were defective. After many complaints with the company that went unheard, he filed a case in the District Forum. He was not satisfied with the orders of the District Forum. He then appealed before the State Commission and on being dissatisfied with the orders of State Commission, he appealed before the National Commission. Sirajuddin was not satisfied with the orders of National Commission. Suggest him the highest authority where he could appeal against the decision of the National Commission.	1 A	5
9	State the main aspects in the concept of planning?	3 R	2

10	How does controlling help in "Judging accuracy of standards" and "Ensuring order and discipline."	3 U	3
11	M/s Beta Ltd. deals in consumer goods. It employs 100 workers and 10 operative managers who give guidance and support to the workers while operating the machinery. The company has a policy of granting leave as per the requirement of the workers. Workers are generally granted leave on festivals and special occasions. Recently on Puja festival, it received a big order. Workers are keen to take Puja holidays while management is pressing hard for overtime. This matter was placed before the Personnel Manager who called the meeting of operative managers and workers to inform them about the changes in the incentive plan which states payment of double wages for working overtime and triple wages for working on holidays. Workers without any pressure voluntarily took limited holidays and were able to increase their earning by working overtime and on holidays. During Board of Directors meeting, Personnel Manager was asked to update the management for achieving higher output, meeting timely supplies without any confrontation with workers. Personnel Manager replied, "I just used a carrot with no sticks approach". By quoting the lines from above paragraph state any two elements of directing.	3 H	3
12	„Money market is essentially a market for short-term funds". In the light of this statement, state any three features of money market.	3 U	4

13	„Grahak Shakti", an N.G.O. organized a workshop to discuss various issues relating to consumers. During the discussion, one of the members drew attention towards exploitation of consumers due to defective and unsafe products, adulteration, black marketing, hoarding etc. To this another member argued that consumers themselves are responsible as they do not raise collective voice against the exploitation. The Chairperson of the organization was of the opinion that it was also the duty of the businessman to take care of the interests of various stakeholders. Business organizations earn money by selling goods and services to consumers. So the interests of the stakeholders have to be well taken care of. (a) State three points that highlight the need for consumer protection as discussed in „Grahak Shakti"s workshop.	3 A	5
14	State any four functions of operational management.	4 R	1

15	Ramdas, aged 49 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Kanaputti. Ramdas is considered one of the most committed, capable and hard-working employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various „special‟ projects assigned to Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person Nagarjuna, aged 33, was appointed by Kanaputti. Nagarjun‟s previous three years‟ experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Kanaputti noticed the tension developing between the two employees. However, he didn‟t want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjun. Kanaputti issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity. Identify and state the step of organizing process which has not been carried out properly and contributed to this problem. State the two steps of the organizing process which have been taken by Kanaputti to respond to the complaint of Ramdas. Also state two points of importance of organizing as reflected in the above case.	4 H	2

(D)

16	Human Resource Management includes many specialized activities and duties which the human resource personnel must perform. In the light of this statement, explain any four such duties performed by Human Resource Manager.	4 U	3
17	Resolutions Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers. a) Name and explain the step of staffing process which has not been performed properly. b) State the next two stages immediately following the step identified in part „a‟.	4 A (2+2)	3

18	„Unicon Securities Pvt. Ltd‟ was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, were not transferred to their D‟mat Accounts by „Unicon securities Pvt. Ltd‟ . The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D‟mat Accounts very soon. But the company delayed the matter and didn‟t transfer the shares of the customers to their D‟mat Accounts. This eroded investors‟	4 E 1+1+2	4

	confidence and multiplied their grievances. 1) Identify the step of trading procedure in a stock exchange which has not been followed by „Unicon Securities Pvt. Ltd‟ . 2) Name the Apex statutory body of capital market to whom customer can complain to redress their grievances. 3) Write two values not followed by Unicon Security Pvt. Ltd.		

(D)

19	„Time Line" watch manufacturing company is a renowned company marketing watches. It performs various activities like, market analysis, product designing or merchandising, packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow up activities. This helps the company in procuring repeat sales orders. (a) Name the concept related to the activities mentioned in the above paragraph. (b) Explain any two features of the concept identified in part (a)	4 H	5
20	Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which	5 A 1+2+2	1

	may hinder their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance. (i) Identify and state the component of business environment highlighted in the above Para. (ii) State any two features of business environment as discussed by Professor Mehta with Naman and Govind. (iii) Also state two points of importance of business environment as stated by Professor Mehta in the above situation.		

(D)

21	„Shan Spices Ltd.‟ are the manufacturer of different food specific spices like Rajmaa Masala, Cholley Masala, AalooParantha Masala etc. Mr. Raghav, the owner of the company has created different departments for purchase, production, marketing, finance and human resource. There are thirty employees working in the organisation. Planning is of paramount importance to the company as Mr. Raghav believes that effective planning leads to achievement of organisational objectives. So in order to make employees focus on objectives, he issued instructions that during working hours only official matters will be discussed. He made certain rules and code of conduct for the employees to follow, according to which employees are not allowed to visit and talk to the employees of other departments except for official work. He emphasised on work performance which resulted in smooth functioning of the organisation. 1) Identify and state the type of organisation mentioned in the above para.	5 E	2

	2) State one feature of the concept identified in part (1) as mentioned in the above para. 3) What was the purpose behind the formulation of rules for the employees that restricted their personal communication with the employees of other departments? 4) State two values violated by Mr. Raghav.		
22	Describe briefly „Maslow‟s need hierarchy theory‟ of motivation?	5 R	3

23	Briefly explain work study techniques that help in developing standards to be followed throughout the organization.	U6	1
24	„A business that doesn‟t grow dies‟, says Mr. Shah, the owner of Shah Marble Ltd. with glorious 36 months of its grand success having a capital base of `80 crores. Within a short span of time, the company could generate cash flow which not only covered fixed cash payment obligations but also create sufficient buffer. The company is on the growth path and a new breed of consumers is eager to buy the Italian marble sold by Shah Marble Ltd. To meet the increasing demand, Mr. Shah decided to expand his business by acquiring a mine. This required an investment of `120 crores. To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%). Mr. Seth also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also apprised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax deductible expense for computation of tax liability. After due deliberations with Mr. Seth, Mr. Shah decided to raise funds from a financial institution. a) Identify and explain the concept of Financial Management as	(2+4)=6 H	4

	advised by Mr. Seth in the above situation. b) State the four factors affecting the concept as identified in part „a" above which have been discussed between Mr. Shah and Mr. Seth.		

25	„Coconut Joy Ltd.‟ are the manufacturer of vegetarian frozen dessert food products made with coconut milk, agave syrup and other certified ingredients. The founders of the company Lovely and Lalita originally developed this treat to meet their own needs but found that their friends and families around were also keen to use the products. It was not only the vegetarians, but also those who could not get enough environment friendly sustainable food, that appreciated the product. It did not take long for Lovely and Lalita to recognise the potential of their little venture. In the beginning they started from their home with the product being sold through local family parties that enable guests to personally meet the owner. This helped to establish strong connections with the prospective buyers and the company could put the product on shelves of natural food store. The company used all marketing activities to grow and expand. The company began sponsoring booths at festivals, drawing attention to its newly created vegetarian products. It also disseminated relevant information to media about its products and the people who helped in building the company‟s reputation. Lovely and Lalita were invited for an interview with one of the leading TV channels in which they talked about their environment friendly vegetarian products. To show its gratitude to customers, local business and government officials who supported the company from the beginning, „Coconut Joy Ltd.‟ hosted a gala event and involved all of them to raise funds for a few local NGO‟s. The company also asked its fans and customers to send songs and poetry conveying their impression about „Coconut	(2+4)=6 A	5

(D)

	Joy‟s Ltd.‟ products. (a) Identify and explain the communication tool used by „Coconut Joy Ltd‟. (b) Briefly explain the role of the tool identified in „a‟ above.		

Marking Scheme

Business Studies (054)

2016-17

Q.No.	Answers	Marks
1	Taylor emphasized that there should be complete transformation in the thinking / attitude of management and workers towards each other. Managers should share surplus with workers and the workers should work with full devotion.	1
2	Span of management refers to the number of subordinates that can be effectively managed by a superior.	1
3	1. Planning does not guarantee success. 2. Planning may not work in dynamic environment.	½ mark for each point
4	Directing takes place at every level of management. That is why it takes place where ever superior subordinate relation exists.	1
5	When ROI is higher than cost of Debt.	1

6	Protective function Prohibition of fraudulent and unfair trade practices	½ mark of identifying and ½ for stating the type of function
7	Right to safety	1
8	He cannot appeal to any other higher authority as only those matters which have been directly filed in the National Commission and where the value of goods and services in question along with the compensation claimed exceed Rs.1 crore are appealable before Supreme Court.	1
9	1) Setting objectives for a given time period. 2) Formulating various courses of action to achieve them. 3) Selecting the best possible alternative from among the various courses of action available.	1 mark for stating each aspect stating=3
10	Judging accuracy of standards Ensuring order and discipline	1.5 marks for explanation of each point=3
11	Supervision means guiding the efforts of employees and other resources to achieve desired results. Supervision-,, it employs 10 operating managers…….support to the workers. Motivation means stimulating people to action to accomplish desired goals. Motivation-,, to pay double wages for working overtime and triple wages for working on holidays".	½ mark for naming the element each and 1 mark for quoting the line for each 3

(D)

12	Features of money market: I. It is a market for short term funds which deals in monetary assets whose period of maturity is up to one year. II. Money market instruments are highly liquid. III. Money market instruments are less risky.	One mark each for the statement=3 (1x3=3)
13	(i) Widespread exploitation of consumers. (ii) Unorganized consumers. (iii)Social responsibility.	(1mark each for stating the point) (1x3=3)
14	I. To oversee the efforts of the workforce. II. To interact with the actual workforce and pass on the instructions of the middle management to the workers. III. To ensure that the quality of output is maintained and wastage of material is minimized. IV. To ensure safety standards are maintained	(1mark each for stating the function)=4 (1x4=4)

15	1. Assignment of duties-Defining the work of different job positions and allotting the work according to the skills of the employees. 2. Kanaputti responded to the complain of Ramdas by a. Assigning the duties b. Establishing reporting relationship 3. a. clarity in working relationship. b. Benefits of specialization c. Effective administration	½ for heading and ½ mark for stating the heading ½ mark each for the heading One mark each for stating the points (Any two)

16	1) Recruitment i.e. searching for qualified people. 2) Analyzing job, collecting information about jobs to prepare job descriptions. 3) Developing compensation and incentives plans. 4) Training and development of employees for efficient performance and carrier growth. Or any other relevant duties of human resource personnel	1 mark each for correct statement=-4
17	a) Estimation of manpower requirement. It involves determining the number and type of employees required. It would necessitate workload analysis and workforce analysis b) 1) Recruitment- Process of searching for perspective employees and stimulating them to apply for the job. 2) Selection- Process of choosing the most suitable candidate and rejecting the unsuitable ones.	(½ mark for heading +1 .5 for explanation) (½ mark each for the heading + ½ marks for stating the point)
18	1. Delivery of shares in D‟mat form directly to investors D‟mat Account by the broker. 2) The Securities and Exchange Board of India (SEBI) 3) a) Honesty	1 mark 1 mark 1 mark each for value
	b) commitment or any other.	=4

19	a) Marketing b) Features of marketing (1) Need and wants (2) Creating market offering (3) Customer value (4) Exchange mechanism	(1 mark) & (1/2mark each for heading and 1 mark each for explanation) Any two =4
20	(i) Technological Environment. It includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business. (ii) (a) Specific and general forces. (b) Dynamic nature (iii)a) It helps the firm to identify threats and early warning signals. b)It helps in planning and policy formulation.	½ mark for identification and ½ mark for stating the point. 1/2 mark each for the heading and 1/2 mark for stating 1 mark each for stating the point =5

21	1) Formal organisation	1/2 mark for identification and ½ for stating the identified point.
	2) Focus on objective and work performance	1 mark for stating the feature
	3) Avoidance of the emergence of informal organisation which may obstruct the fulfilment of organisational goals.	1 marks for the statement
	4) <u>Values</u> 1) Freedom to employees 2) Fulfilment of psychological social needs of employees	1 mark each for value
22	Maslow"s Need Hierarchy theory is based on human needs; which are as follows: 1. Basic Physiological Needs 2. Safety / Security Needs 3. Affiliation/ Belonging Needs 4. Esteem Needs 5. Self Actualisation Needs	One mark each for describing the need briefly

(D)

23	Techniques of work study includes the following : 1. Time study 2. Motion study 3. Fatigue study 4. Method study	½ mark each for heading and 1 mark each for the explanation=6
24	a) Capital structure	1/2 mark for naming the concept and 1 ½ mark for explaining the concept
	b)1) Cash flow position 2) Floatation cost 3) Risk consideration 4) Tax rate 5) Control	1/2 mark each for heading and 1/2 mark each for stating the point (Any for) Total – 6

25	(a) Public Relation. b) (i) Press Relation. (ii) Product Publicity. (iii)Corporate Communication. (iv)Counselling.	1/2 mark for naming the concept and 1 ½ marks for explaining the concept 1/2 mark each for the heading and 1/2 mark each for explanation

Business Studies (054)

Class-XII (2016-17)

Sample Paper Blue Print

Time: 3 Hours **Max. Marks:80**

Chapter No.	Unit Name	1 Mark Question	3 Mark Question	4 Mark Question	5 Mark Question	6 Mark Question	Total	Total Marks
1	Nature and Significance of Management			1(14)			4(1)	16
2	Principles of Management	1(1)				1(23)	7(2)	
3	Business Environment				1(20)		5(1)	

4	Planning	1(3)	1(9)				4(2)	14
5	Organising	1(2)		1(15)	1(21)		10(3)	
6	Staffing			1(16,17)			8(2)	20
7	Directing	1(4)	1(11)		1(22)		9(3)	
8	Controlling		1(10)				3(1)	
9	Financial Management	1(5)				1(24)	7(2)	15
10	Financial Market	1(6)	1(12)	1(18)			8(3)	
11	Marketing Management			1(19)		1(25)	10(2)	15
12	Consumer Protection	1(7,8)	1(13)				5(2)	
Total		8(1)	5(3)	6(4)	3(5)	3(6)		80

Business Studies (054)

Class-XII (2016-17) Sample Question Paper Design

Time: 3 Hours **Max. Marks:80**

Chapter No.	Unit Name	Remembering	Understanding	Application	HOTS	Evaluation	Total	Total Marks
1	Nature and Significance of Management	4 (14)					4	16
2	Principles of Management	1 (1)	6(23)				7	

3	Business Environment			5(20)			5	
4	Planning	3(9)			1(3)		4	14
5	Organising	1(2)			4(15)	5(21)	10	
6	Staffing		4(16)	4(17)			8	20
7	Directing	5(22)	1(4)		3(11)		9	
8	Controlling		3(10)				3	
9	Financial Management		1(5)		6(24)		7	15
10	Financial Market		3(12)	1(6)		4(18)	8	
11	Marketing Management			6(25)	4(19)		10	15
12	Consumer Protection			1(8) 3(13)	1(7)		5	
Total		14(5)	18(6)	20(6)	19(6)	9(2)	80 (25)	

SAMPLE QUESTION PAPER

BUSINESS STUDIES (054)

CLASS XII (2017-18)

1. Name the process which provides the requisite amount, quality, timing and sequence of efforts and ensures that planned objectives are achieved with a minimum of conflict. **(1)**

2. What are Planning premises? **(1)**

3. Name the process of exchange of information between two or more persons to reach common understanding. **(1)**

4. Sara worked in a call center. Her team manager did not wish to be contradicted and gave rewards depending on the result. State one benefit of the style of leadership being followed by Sara's team manager. **(1)**

5. What does a high Debt Service Coverage Ratio indicate? **(1)**

6. Aarohan Ltd. an automobile manufacturer was diversifying into manufacturing two-wheelers. They knew that India is on a growth path and a new breed of consumer is eager for a first vehicle. The market responded very well to the new product. The company did not have to allow credit, as it had advance orders from four to six months with deposits paid. Also, due to efficiency in managing their operations as soon as a vehicle was off the assembly line, it was out to the dealers. Give any one reason discussed above which helped the firm in managing its working capital efficiently. **(1)**

7. SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access allegations at the Exchange's Co-location facility. State the function that SEBI performed by doing so. **(1)**

8. Identify the right of a consumer under Consumer Protection Act, 1986 which Consumer organizations help a consumer to claim by performing the function of "encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers". **(1)**

9. Progress Ltd. Is facing difficulties in introduction of machinery of latest technology as they are facing resistance from the informal groups who are pressurizing the members to work against organizational interests. As the Human Resources manager of the company would you advise the management of the company to confront them or give them some other suggestion to deal with the informal groups. **(3)**

10. Shyam wanted to start a business of selling handicrafts by getting in touch with the craftsmen in the rural areas of Bengal. He wants to make a low investment in fixed Capital. Advise him in taking suitable decisions regarding the Nature of Business, Scale of operations and Financing Alternatives (in a developed financial market) that he needs to take for the purpose. **(3)**

11. State any three functions of a supervisor. **(3)**

12. Malaysian budget airline group Sky Europe announced discounted fares, starting as low as Rs.1,099 for domestic destinations operated by its Indian Joint Venture carrier and Rs.2,099 for

(D)

international flights operated by other group airlines under a limited period offer. A. Identify the medium of communication which can be used by the firm to inform a large number of people about the new fares. B. Also, state any two merits of the communication tool, apart from the one discussed above. **(3)**

13. State any three responsibilities that a consumer must keep in mind while purchasing gold jewelry. **(3)**

14. Having transformed 2500 Kirana stores across eight cities in to virtual super markets, the start up Quick Bizz further decided in advance, to collaborate with 15000-20,000 store owners in top 30 cities of the country by the end of this year. The company has set its eye on digitizing over 1,00,000 kirana stores over next 18-24 months. A. Identify and explain the step in the process of one of the functions of management discussed above. B. Also explain the last step to be performed by Quick Bizz as part of the process. **(4)**

15. At present, apart from the basic pay and allowances as a part of compensation, the employees and employers contribute 12% of basic wages each towards Employees Provident Fund scheme and Employees Pension Fund scheme. A proposal to reduce the contribution by employers and employees to 10% of basic pay and dearness allowance was listed on the agenda for a recent meeting of Employees Provident Fund Organization held. The stakeholders expressed their reservations about it and they feel that it should be continued at 12%. Explain any two needs as suggested by Maslow's Need Hierarchy Theory, which will not be satisfied by the incentives discussed above. **(4)**

16. State the first four steps which are involved in the screen-based trading for buying and selling of securities in the secondary market. **(4)**

17. Bye-Bye Motors recently informed the media about its aim to train up to 4000 people in the next 3 years in the skills associated with automobile industry as part of its program to provide technical and vocational education for unemployed youth. The firm has already started the program in collaboration with Automobile Skill Development Council. This news in the media has helped the firm in promoting its image in the eyes of the public and consumer activist groups.

A. Why is it important for the company to satisfy the public and the consumer activist groups. Give reasons.

B. Which departments in the firm can be given the responsibility to disseminate information and build goodwill of the firm? **(4)**

18. R&T Reality, the property development arm of the construction and engineering giant R&T in a recent report to the media shared that it is betting on bigger and better projects providing greater benefits to the customers, lower prices and faster execution to boost its growth. The spokesperson of the company informed the media that besides the innovative features, quality and brand, the fair pricing followed by the company is also a hit with the buyers. He said that the company is also focusing on accurate, speedy and timely delivery. Proper communication with the market was being maintained through advertising. Even dealers were to be offered incentives to boost the sales.

The above para describes the combination of variables used by R&T Reality to prepare its market offering. Identify and explain the variables. **(4)**

19. It is heartening that the implementation of compliance requirements of the Companies Act, 2013 has progressed substantially with NIFTY 500 companies. Data shows a significant increase in women's participation in the top management of Indian Companies from 5% few years ago to 13% now. Even companies which are not in NIFTY 500 have undertaken drives to increase women's participation across different areas of work. The government had also announced that it would support such companies. Identify and explain the dimensions of business environment discussed above which brought about the change. **(4)**

20. Give any five characteristics of management. **(5)**

21. Textile manufacturer Super textiles reported 43% fall in its profits in the fourth quarter ended 31 March 2017, which is beyond the acceptable range 25% decided by the company. This was due to higher fuel cost and lower yield on account of demonetization. The company aims to implement cost saving measures by restructuring contracts and its business processes to meet its targets in the future.

A. Name the function of management discussed above.

B. Also identify and explain the steps of the function of management discussed above. **(5)**

22. Saksham Ltd. a firm manufacturing textiles, wished to diversify their business. They were considering two options, either to diversify into manufacturing tooth-paste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward areas of Gujarat, which would also lead to the generation of employment opportunities in the area, but only after fulfilling all legal requirements and taking appropriate steps to ensure that the environment was not polluted. The finance manager of the company, Mr. Ramakant was asked by the management to prepare a report on the factors which should be considered while making

(D)

the above investment decision. A. State any two factors that Mr. Ramakant would give in his report.

B. Also state any one reason which makes it important for the above decision to be made carefully.

C. And state two values being fulfilled by Saksham Ltd. **(5)**

23. The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers.

A. Name the function of management performed by GIPRA to maintain a satisfactory work force.

B. Identify and explain the two steps in the process of the function of management discussed above.

C. Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps. **(6)**

24. Rajat joined as a CEO of Bharat Ltd, a firm manufacturing Computer hardware. On the first day he addressed the employees. He said that he believed that a good company should have an employee suggestion system and he wished to minimize employee turnover to maintain organizational efficiency. He informed all employees that he would ensure that all agreements were clear, fair and there was judicious application of penalties. However, he said that he believed that lazy personnel should be dealt with sternly to send the message that everyone was equal in the eyes of management. Also that he would want to promote a team spirit of unity and harmony among employees, which would give rise to a spirit of mutual trust and belongingness among team members and eventually minimize need for using penalties. He told all present that the interests of the organization should take priority over the interests of any one individual employee.

A. Identify and briefly explain any four principles of management given by Fayol, which Rajat highlighted in his address to the employees.

B. Also state two values that Rajat wanted to spread in the organization.

(6)

25. "Put simply, decentralization refers to delegation of authority throughout all the levels of the organization." In the light of the above statement give the meaning of and difference between Delegation of authority and decentralization. **(6)**

SAMPLE QUESTION PAPER

BUSINESS STUDIES (054)

CLASS XII (2017-18)

1. Name the process which provides the requisite amount, quality, timing and sequence of efforts and ensures that planned objectives are achieved with a minimum of conflict. **(1)**

2. What are Planning premises? **(1)**

3. Name the process of exchange of information between two or more persons to reach common understanding. **(1)**

4. Sara worked in a call center. Her team manager did not wish to be contradicted and gave rewards depending on the result. State one benefit of the style of leadership being followed by Sara's team manager. **(1)**

5. What does a high Debt Service Coverage Ratio indicate? **(1)**

6. Aarohan Ltd. an automobile manufacturer was diversifying into manufacturing two-wheelers. They knew that India is on a growth path and a new breed of consumer is eager for a first vehicle. The market responded very well to the new product. The company did not have to allow credit, as it had advance orders from four to six months with deposits paid. Also, due to efficiency in managing their operations as soon as a vehicle was off the assembly line, it was out to the dealers. Give any one reason discussed above which helped the firm in managing its working capital efficiently. **(1)**

7. SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access allegations at the Exchange's Co-location facility. State the function that SEBI performed by doing so. **(1)**

8. Identify the right of a consumer under Consumer Protection Act, 1986 which Consumer organizations help a consumer to claim by performing the function of "encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers". **(1)**

9. Progress Ltd. Is facing difficulties in introduction of machinery of latest technology as they are facing resistance from the informal groups who are pressurizing the members to work against organizational interests. As the Human Resources manager of the company would you advise the management of the company to confront them or give them some other suggestion to deal with the informal groups. **(3)**

10. Shyam wanted to start a business of selling handicrafts by getting in touch with the craftsmen in the rural areas of Bengal. He wants to make a low investment in fixed Capital. Advise him in taking suitable decisions regarding the Nature of Business, Scale of operations and Financing Alternatives (in a developed financial market) that he needs to take for the purpose. **(3)**

11. State any three functions of a supervisor. **(3)**

12. Malaysian budget airline group Sky Europe announced discounted fares, starting as low as Rs.1,099 for domestic destinations operated by its Indian Joint Venture carrier and Rs.2,099 for international flights operated by other group airlines under a limited period offer. A. Identify the medium of communication which can be used by the firm to inform a large number of people about the new fares. B. Also, state any two merits of the communication tool, apart from the one discussed above. **(3)**

13. State any three responsibilities that a consumer must keep in mind while purchasing gold jewelry. **(3)**

14. Having transformed 2500 Kirana stores across eight cities in to virtual super markets, the start up Quick Bizz further decided in advance, to collaborate with 15000-20,000 store owners in top 30 cities of the country by the end of this year. The company has set its eye on digitizing over 1,00,000 kirana stores over next 18-24 months. A. Identify and explain the step in the process of one of the functions of management discussed above. B. Also explain the last step to be performed by Quick Bizz as part of the process. **(4)**

(D)

15. At present, apart from the basic pay and allowances as a part of compensation, the employees and employers contribute 12% of basic wages each towards Employees Provident Fund scheme and Employees Pension Fund scheme. A proposal to reduce the contribution by employers and employees to 10% of basic pay and dearness allowance was listed on the agenda for a recent meeting of Employees Provident Fund Organization held. The stakeholders expressed their reservations about it and they feel that it should be continued at 12%. Explain any two needs as suggested by Maslow's Need Hierarchy Theory, which will not be satisfied by the incentives discussed above. **(4)**

16. State the first four steps which are involved in the screen-based trading for buying and selling of securities in the secondary market. **(4)**

17. Bye-Bye Motors recently informed the media about its aim to train up to 4000 people in the next 3 years in the skills associated with automobile industry as part of its program to provide technical and vocational education for unemployed youth. The firm has already started the program in collaboration with Automobile Skill Development Council. This news in the media has helped the firm in promoting its image in the eyes of the public and consumer activist groups.

A. Why is it important for the company to satisfy the public and the consumer activist groups. Give reasons.

B. Which departments in the firm can be given the responsibility to disseminate information and build goodwill of the firm? **(4)**

18. R&T Reality, the property development arm of the construction and engineering giant R&T in a recent report to the media shared that it is betting on bigger and better projects providing greater benefits to the customers, lower prices and faster execution to boost its growth. The spokesperson of the company informed the media that besides the innovative features, quality and brand, the fair pricing followed by the company is also a hit with the buyers. He said that the company is also focusing on accurate, speedy and timely delivery. Proper communication with the market was being maintained through advertising. Even dealers were to be offered incentives to boost the sales.

The above para describes the combination of variables used by R&T Reality to prepare its market offering. Identify and explain the variables. **(4)**

19. It is heartening that the implementation of compliance requirements of the Companies Act, 2013 has progressed substantially with NIFTY 500 companies. Data shows a significant increase in women's participation in the top management of Indian Companies from 5% few years ago to 13% now. Even companies which are not in NIFTY 500 have undertaken drives to increase

women's participation across different areas of work. The government had also announced that it would support such companies. Identify and explain the dimensions of business environment discussed above which brought about the change. **(4)**

20. Give any five characteristics of management. **(5)**

21. Textile manufacturer Super textiles reported 43% fall in its profits in the fourth quarter ended 31 March 2017, which is beyond the acceptable range 25% decided by the company. This was due to higher fuel cost and lower yield on account of demonetization. The company aims to implement cost saving measures by restructuring contracts and its business processes to meet its targets in the future.

A. Name the function of management discussed above.

B. Also identify and explain the steps of the function of management discussed above. **(5)**

22. Saksham Ltd. a firm manufacturing textiles, wished to diversify their business. They were considering two options, either to diversify into manufacturing tooth-paste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward areas of Gujarat, which would also lead to the generation of employment opportunities in the area, but only after fulfilling all legal requirements and taking appropriate steps to ensure that the environment was not polluted. The finance manager of the company, Mr. Ramakant was asked by the management to prepare a report on the factors which should be considered while making the above investment decision. A. State any two factors that Mr. Ramakant would give in his report.

B. Also state any one reason which makes it important for the above decision to be made carefully.

C. And state two values being fulfilled by Saksham Ltd. **(5)**

23. The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers.

A. Name the function of management performed by GIPRA to maintain a satisfactory work force.

B. Identify and explain the two steps in the process of the function of management discussed above.

C. Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps. **(6)**

24. Rajat joined as a CEO of Bharat Ltd, a firm manufacturing Computer hardware. On the first day he addressed the employees. He said that he believed that a good company should have an employee suggestion system and he wished to minimize employee turnover to maintain organizational efficiency. He informed all employees that he would ensure that all agreements were clear, fair and there was judicious application of penalties. However, he said that he believed that lazy personnel should be dealt with sternly to send the message that everyone was equal in the eyes of management. Also that he would want to promote a team spirit of unity and harmony among employees, which would give rise to a spirit of mutual trust and belongingness among team members and eventually minimize need for using penalties. He told all present that the interests of the organization should take priority over the interests of any one individual employee.

A. Identify and briefly explain any four principles of management given by Fayol, which Rajat highlighted in his address to the employees.

B. Also state two values that Rajat wanted to spread in the organization.

(6)

25. "Put simply, decentralization refers to delegation of authority throughout all the levels of the organization." In the light of the above statement give the meaning of and difference between Delegation of authority and decentralization. **(6)**

MARKING SCHEME

BUSINESS STUDIES (054)

CLASS XII (2017-18)

Ans1. Co-ordination. (1 mark)

Ans2. The manager/planner is required to make assumptions about the future. These assumptions are called planning premises. (1 mark) Ans 3. Communication. (1mark)

Ans 4. Benefits of Autocratic or Authoritarian leader: (Any one) (1 mark for the statement)

(D)

a. This leadership style is effective in getting productivity in many situations.

b. Quick decision-making is also facilitated by this style of leadership.

Ans5. A high Debt Service Coverage Ratio indicates better ability to meet cash commitments and consequently, the company's potential to increase debt component in its capital structure.(1)

Ans 6. Factors affecting working capital requirements: (Any one)

a. Credit Allowed.

b. Operating Efficiency. (1 mark)

Ans7. The following function was performed by SEBI- Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries. – Regulatory Function. (1 mark for the statement)

Ans 8. Right to be heard. (1 mark) Ans9.

a. It would be in the best interest of the organization if the existence of such groups is recognized and the roles that their members play are identified.

b. The knowledge of such groups can be used to gather their support and consequently lead to improved organizational performance. Such groups can also provide useful communication channels.

c. Instead of confronting them, the management should take skillfully take advantage of both formal and informal organization so that work continues smoothly. (3 marks)

Ans 10. Decisions Shyam should take to ensure low investment in fixed capital requirement with respect to:

a. Nature of Business: Instead of setting up a manufacturing unit, Shyam should start a trading concern of buying handicrafts from the craftsmen and selling them.

b. Scale of operations: Shyam should keep the scale of his organization small.

c. Financing alternatives: A developed financial market may provide for leasing facilities. So instead of making outright purchase of assets, for example of office space, Shyam should take them on lease and reduce his requirement of fixed capital. (1x3=3 marks)

Ans11. Following are the functions of a supervisor: (Any three)

a. Supervisor maintains day-to-day contact and maintains friendly relations with workers.

b. Supervisor acts as a link between management and workers.

(D)

c. Supervisor plays a key role in maintaining group unity among workers placed under his control.

d. Supervisor ensures performance of work according to the targets set.

e. Supervisor provides good on-the-job training to the workers and employees.

f. Supervisory leadership plays a key role in influencing the workers in the organization.

g. A good supervisor analyses the work performed and gives feedback to the workers. (1x3=3)

(1 mark for each statement)
Ans 12.

A. Advertising. (1 mark)

B. Merits of advertising: (Any two)

a. Advertising enhances customer satisfaction and confidence, as they feel more comfortable and assured about the product quality and hence feel more satisfied.

b. With the developments in art, computer designs, and graphics, advertising has developed into one of the most forceful and expressive medium of communication.

c. Advertising is a very economical mode of communication if a large number of people are to be reached. (1x2=2)
(1 mark for each statement)
Ans 13. Following are the consumer responsibilities that a consumer must keep in mind while purchasing gold jewelry: (Any three)

a. Be aware about various goods(types of jewelry) available in the market so that an intelligent and wise choice can be made.

b. Buy only standardized jewelry as they provide quality assurance. Thus, look for Hallmark on jewelry.

c. Learn about risks associated with the product, follow manufacturer's instructions.

d. Read labels carefully so as to have information about prices, net weight, etc.

e. Assert yourself to ensure a fair deal.

f. Be honest in your dealings.

g. Ask for a cash memo on purchase of the jewelry. (1x3=3)

(1 mark for each statement)
Ans 14 A. Following is the step in process of Planning:
Setting objectives: The first and foremost step is setting objectives. Objectives may be set for the entire organization and each department or unit within the organization. Objectives or goals specify what the organization wants to achieve. Objectives should be stated clearly. Management must contribute ideas and participate in the objective setting process. If the end result is clear it becomes easier to work towards the goal. (1/2 mark for identification+1 ½ marks for explanation)
B. Following is the last step to be performed by Quick Bizz as part of the process of Planning:
Follow up action: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved. (1/2 mark for the heading + 1 ½ marks for the explanation)
Ans 15. The following needs given as per Maslow's Need Hierarchy Theory will not be satisfied by the two incentives- Basic pay and allowances (satisfies basic needs) & Retirement Benefits (satisfy safety and security needs) discussed above: (Any two)

a. Affiliation /Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship.

b. Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention.

c. Self Actualization Needs: It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. (2x2=4)

(1/2 mark for heading + 1 ½ marks for explanation)
Ans 16. Following are the first four steps in the screen-based trading for buying and selling of securities in the secondary market:

a. The investor has to approach a registered broker or sub-broker and sign a broker-client agreement and a client registration form before placing an order to buy or sell securities.

b. The investor has to open a "demat" account or "beneficial owner" account with a depository participant for holding and transferring securities in the demat form.

c. The investor then places an order with the broker to buy or sell shares, the broker will go ahead with the deal and issue the order confirmation slip to the investor.

d. The broker then will go on-line and connect to the main stock exchange and match the share and best price available. (1x4=4) (One mark for each statement)

(D)

Ans 17. A.

a. The voice and opinion of the general public is important as they may be interested in the company and its product and have an impact on the business ability to achieve its objectives. Thus, it is imperative to manage public opinion and the company's relation with the public on a regular basis.

b. Consumer Activist groups need to be satisfied because they can impose restriction on the sales of the firm's products directly by urging customers to refrain from buying them through the imposition of laws. (1x2=2)

B. The following departments in the firm can be given the task to disseminate information and build goodwill:
a. The marketing department.

b. A separate department to manage public relations.(1x2=2)

Ans18. The following are the variables used by R&T Reality to prepare its market offering:

a. Product: Product means goods or services or 'anything of value', which is offered to the market for sale. The concept of product relates to not only the physical product but also the benefits offered by it from customer's view point. The concept of product also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, etc. The important product decisions include deciding about the features, quality, packaging, labeling and branding of the products.

b. Price: Price is the amount of money customers have to pay to obtain the product. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products. Decisions have to be taken in respect of discounts to customers, traders and credit terms, etc, so that the customers perceive the price to be in line with the value of the product.

c. Place: Place or physical distribution include activities that make firms products available to the large customers. Important decision areas in this respect include selection of intermediaries to reach the customers, providing support to the intermediaries. The other decision areas relate to managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.

d. Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc, of the products to the target customers and persuade them to buy it. Most marketing organizations undertake various promotional activities and

(D)

spend substantial amount of money on the promotion of their goods through using number of tools such as advertising, personal selling and sales promotion techniques.

(1 x4=4) (1/2 mark for the heading+ 1/2 mark for the explanation)

Ans 19. The dimensions of Business environment discussed above which brought about the above change are:

a. Legal environment- Legal environment includes various legislations passed by the Government, administrative orders issued by government authorities, court judgments, as well as the decisions rendered by various commissions and agencies at every level of government-Center, State, Local. Non-Compliance of laws can land the business enterprises into legal problems.

b. Political environment- Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business. Attitudes of the government officials may have either positive or negative impact upon business.

(2x2=4) (1/2 mark for heading+ 1 ½ marks for explanation)

Ans 20. Following are the characteristics of management: (Any five)

a. Management is a goal oriented process which unites the efforts of different individuals in the organization towards achieving these goals.

b. Management is all pervasive as the activities involved in managing an enterprise are common to all organizations whether economic, social or political.

c. Management is multidimensional as it is a complex activity that has three dimensions: Management of work, Management of people, Management of operations.

d. Management is a process consisting of continuous, composite, but separate functions.

e. Management is a group activity which ensures team work and coordination of individual effort in a common direction.

f. Management is a dynamic function and has to adapt itself to the changing environment.

g. Management is an intangible force that cannot be seen but its presence can be felt in the way the organization functions. (1x5=5)

Ans 21 A. Controlling. (1 mark) B.

The steps of controlling discussed above are:

a. Analysing deviations: Some deviation in performance is expected in all activities. It is therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Critical point control and management by exception should be used by the manager in this regard. After identifying the deviations that demand managerial attention these deviations need to be analyzed for their causes.

b. Taking Corrective Action: The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished. (2x2=4)(1/2 mark for heading+1 ½marks for explanation)

Ans 22.A. Factors that should be kept in mind by the company while making the investment decision: (Any two)

a. The amount of cash flows should be carefully analyzed before considering the decision.

b. The rate of return of the project based on expected return and assessment of the risk involved from each proposal should be analyzed.

c. The decision to invest in a particular project involves a number of calculations regarding the amount of investment, interest rate, cash flows and rate of return. (1x2=2)

B. The following are the reasons that make the above decision to be made carefully: (Any one)

a. These decisions have a bearing on the long term growth.

b. These decisions result in a substantial portion of capital funds being blocked in long-term project.

c. These decisions influence the overall business risk complexion of the firm.

d. These decisions once taken, are not reversible without incurring heavy losses. (1 mark) C.

Following are the values being fulfilled by Saksham Ltd.: (Any two) a. Responsibility

b. Respect for law and order

c. Sensitivity to environment

d. Development of backward regions.

e. Generating employment opportunities

(or any other suitable value) (1x2=2) (2+1+2=5)

Ans 23. A. The function of management being performed by GIPRA to maintain a satisfactory work force is Staffing. (1 mark)
B. The two steps of staffing discussed above are:
a. Training and development: The organization should facilitate employee learning by having either in-house training centers or have forged alliances with training and educational institutes to ensure continuing learning of their employees. The organizations also benefit.

b. Performance Appraisal: All organizations have some formal or informal means of appraising their employee's performance. Performance Appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. The performance appraisal process includes defining the job, appraising performance, and providing feedback. (1 1/2 x2=3) (1/2 mark for identification+1 mark for the explanation)

C. Following are the two steps in the process of staffing that the management had to perform before performing the above steps: (Any two)
a. Estimating manpower requirements, which involves not merely knowing how many persons the company needs but also what type.

b. Recruitment is defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

c. Selection is the process of choosing from among the pool of the prospective candidates developed at the stage of recruitment.

d. Orientation is introducing the selected employee to other employees and familiarizing him with the rules and policies of the organization. Placement refers to the employee occupying the position or post which the person has been selected. (1x2=2) (1 mark for each statement)

Ans 24.

A. Following are the principles of management highlighted by Rajat in his address to the employees: (Any Four)

a. Initiative: Initiative means taking the first step in self motivation. It is thinking out and executing the plan. But it does not mean going against the established practices of the company for the sake of being different.

b. Stability of personnel: “Employee turnover should be minimized to maintain organizational efficiency.” according to Fayol. Personnel should be selected and appointed after due and rigorous procedure. But once selected they should be kept at their post/position for a minimum fixed tenure.

c. Discipline: Discipline is the obedience to organizational rules and employment agreement which are necessary for the working of the organization. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

d. Equity: There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality, etc. Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible.

e. Espirit de corps: Management should promote a team spirit of unity and harmony among employees, according to Fayol. A manager should replace ‘I’ with’We’ in all his conversations with workers to foster team spirit.

f. Subordination of individual interest to general interest: In all situations the interests of the group/company will supersede the interest of any one individual. This is so because larger interests of the workers and stakeholders are more important than the interest of any one person. (1x4=4) (1/2 mark for the heading +1/2 mark for the explanation)

B. Following are values that Rajat wanted to spread in the organization: (Any two) a.

Responsibility

b. Discipline.

c. Conflict resolution.

d. Good behavior in human interaction.

e. Team work

(or any other suitable value) (1x2=2)

Ans 25. Following is the meaning and difference between Delegation and Decentralization :

Basis of difference	Delegation	Decentralization

(D)

1. Meaning	Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance. (or any other suitable meaning)	Decentralization explains the manner in which decisionmaking responsibilities are divided among hierarchical levels. (or any other suitable meaning)
2. Nature	Delegation is a compulsory act because no individual can perform all tasks on his own.	Decentralization is an optional policy decision. It is done at the discretion of the top management.
3. Freedom of action	More control by superiors hence less freedom to take own decisions.	Less control over executives hence greater freedom of action.
4. Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
5. Scope	It has narrow scope as it is limited to superior and his immediate subordinate.	It has wide scope as it implies extension of delegation to the lowest level of management.
6. Purpose	To lessen the burden of the manager.	To increase the role of the subordinates in the organization by giving them more autonomy.

(1/2x2=1 mark for the meaning)
(1x5=5marks for the differences)

Class – XII
Business Studies
Sample Question Paper 2018-19

MM: 80 **Time Allowed: 3hours**

	Section A	Marks
1	"Successful organizations do not achieve their goals by chance but by following a deliberate process"". Identify the process highlighted here.	1
2	Distinguish between Delegation and Decentralization on the basis of freedom of action.	1

(D)

	Or	
	Distinguish between Authority and Responsibility on the basis of Origin.	
3	Name the process of stimulating and inspiring people at work to accomplish desired objectives.	1
	Or	
	Name the „on-the-job" method of training that is used to give training to plumbers.	
4	Define Marketing Management.	1
	Or	
	Define „Grading" as a function of marketing.	
5	Mohit purchased a smart phone for ₹30,000 from a mobile phone seller on his verbal commitment that the smart phone will be replaced in case of any defect, within a span of six months. The phone started creating technical issues in spite of proper maintenance and upkeep of the phone. The seller denied taking any action on the complaint made by Mohit. Name the redressal agency under the Consumer protection Act where Mohit can file his complaint.	1
6	„The size of assets, the profitability and competitiveness are affected by one of the financial decisions". State the decision involved with reference to the given statement.	1

7	In an organization, employees always feel that they are under enormous unnecessary stress, as the manager does not provide any information about future plans but simply instructs them what to do. He also does not listen to any of the suggestions given by the subordinates. Identify the type of leadership style followed by the manager in the above situation.	1
8	Mr. Mohan, Financial manager of ABC Ltd., has prepared the annual Statement of proposed expenditure to be presented in the Annual General Meeting. Identify the type of plan formulated by the financial manager.	1

	Section B	
9	State any three points of importance of directing function of management.	3
	Or	
	State any three measures to overcome the communication barriers.	
10	Rahul decided to start a desert cooler manufacturing business. He sets the target of earning 20% profit on sales in the first year. He was very much concerned about the future prospects of the business, which were uncertain. For this, he gathered information from the potential market and analyzed that the demand forwall mounted coolers is increasing day by day. He used this information as the base for future planning. On the basis of the gathered information, he called a meeting in the following week to find new methods to achieve the objective. a) Identify the function of management involved in the above case. b) Enumerate the next two steps, which have been followed by Rahul that are related to the process of one of the functions of management.	3

11	"The overall objective of SEBI is to protect the interest of investors and to promote the development of, and regulate the securities market." In light of the given statement, state any three objectives of SEBI.	3
	OR	
	"Financial markets play an important role in the allocation of scarce resources in an economy by performing important functions." In light of the given statement, state any three functions performed by Financial Market.	
12	„Delegation is not a process of abdication." Comment	3
13	Mr. Rohit is into transport business. His buses are hired by schools for transportation of students. He is willing to expand and diversify his business to inter-state transportation purposes. Enumerate any six factors that will affect his fixed capital requirements.	3
	Section C	
14	The Government of India has recently come up with an amendment to Section 6 of the Payment of Wages Act 1936, to allow employers of certain industries to make payment through various electronics modes of payments. The amendment will be applicable to all the public sector undertakings for wages disbursement using epayment options. This is another milestone in the direction to further push to cashless economy. Identify and explain any two dimensions of business environment which relate to the above mentioned case.	4

15	State any four differences between Primary market and Secondary Market.	4
	Or	

	Differentiate between Capital Market and Money Market on the basis of : (a) Liquidity (b) Duration (c) Expected Return (d) Safety	
16	Aarushi buys a packet of dry cake from a cake shop without asking for the bill. The pack does not bear any information other than the name of shop. After reaching home she finds the cake to be stale. a) Identify the consumer right that has been violated. b) State any three responsibilities that a consumer must keep in mind while purchasing any good.	4
17	State any four characteristics of good brand name.	4
	Or	
	State any four functions of Packaging.	
18	Kavita recently joined as the human resource director of Arjun Vidyamandir School, a senior secondary educational institute. She observed that the school had an experienced medical team on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the school authorities. Instead the school outsourced the task of maintenance of health records of the students and paid them a good compensation for their services. Because of this, the existing medical team felt disheartened and stopped giving useful suggestions. a) Identify the communication barrier discussed above. b) State the category of this communication barrier. c) Explain any other two communication barriers of the same category.	4

19	Sherya Ltd. is a large credit-worthy company manufacturing automobiles for the Indian market .It now wants to cater to the other market and decided to invest in new machines. For this, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market. a) Name and discuss the money market instrument the company can use for the above purpose. b) What is the duration for which the company can get funds through this instru ment? c) State any other purpose for which this instrument can be used.	4
	Section D	
20	Identify the technique of sales promotion used by the company in the following cases: (a) Purchase goods worth₹ 90,000 and get a holiday package of ₹10,000 free. (b) A company offers 40% of extra glucose in a pack of 1 Kg. (c) A mobile company offers a discount of ₹2,000 to clear off excess inventory.	5
	(d) A company offers a pack of 1 Kg of tea with a purchase of 5 kgs of sugar (e) On return of the wrapper, a customer gets ₹5 off on purchase of the same product.	
21	State any five functions performed by the manager who is working at the middle level management. **Or** State any five characteristics of Coordination.	5
22	Rudrakshi Ltd. is engaged in manufacturing high end luxury pens. The target production is 700 units daily. The company had been successfully attaining this target until three months ago. Over the last few month, it has been observed that daily productions varies between 600-650 units. I. Identify the function of management, which has been highlighted in the above context. II. Discuss the first four steps involved in the process of the function identified above.	5

	Section E	
23	Differentiate between Functional structure and Divisional structure. **Or** Distinguish between Formal organization and Informal organization.	6
24	A public transport corporation has hired 2000 buses for the different routes for the passengers of metropolitan city. In order to fill vacancies, it advertised in the newspaper and number of applicants applied for the same. The company has to now undertake the process of selection to identify and select the best. Explain the first six steps involved in the process.	6
25	Flavours Ltd. was engaged in the business of making handmade chocolates. Lately, the business was expanding due to good quality and reasonable prices. As the demand was increasing, Flavours Ltd. decided to explore bakery products as well. In order to make bakery products the company directed its workforce to work overtime but this resulted in multiple problems. Due to increased pressure the efficiency declined and the workers had to take orders from more than one superior. Workers were overburdened and their health was also affected. Gradually the quality of the products begins to decline and market share also went down. The company realized that they had implemented changes without waiting for the required infrastructure. Identify and explain the principles/technique of Taylor/Fayol referred to in the above para.	6

Class – XII

BUSINESS STUDIES

Marking Scheme 2018-19

Answers

SECTION- A

1. Process highlighted in the statement is 'Management'. 1

2. 1

Basis	Delegation	Decentralisation
Freedom of Action	More control by superiors hence less freedom to take own decisions.	Less control over executives hence greater freedom of action.

OR

Basis	Authority	Responsibility
Origin	Arises from formal position.	Arises delegated from authority.

3. The process of stimulating and inspiring people at work to accomplish desired objectives is known as Motivation. 1

OR

Apprenticeship programmes can be used to give training to the plumbers.

4 Marketing management refers to planning, organising, directing and controlling of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services. 1

OR

(D)

	Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.	
5	No, Mohit cannot file a complaint against the seller in the consumer court as he does not have cash-memo. He had purchased mobile phone on the verbal commitment only.	1
6	Capital budgeting decision involves allocation of funds to different projects or assets with long term implications.	1

7	Autocratic style of leadership is being followed by the manager in the given situation.	1
8	Budget is the type of plan formulated by the financial manager.	1
	Section B	
9	Importance of directing: (Any three statements) 1. Directing helps to initiate action in the organization towards attainment of desired objectives. 2. Directing integrates employees' efforts in the organization in such a way that e very individual effort contributes to the organisational performance. 3. Directing guides employees to fully realize their potential and capabilities by motivating and effective leadership. 4. Directing facilitates introduction of needed changes in the organisation. 5. Effective directing helps to bring stability in the organization.	1X3=3
	OR	

(D)

	Measures to overcome communication barriers : 1. Clarify the ideas before communication. 2. Communicate according to the needs of the receiver. 3. Consult others before communicating. 4. Be aware of the languages, tone and content of messages. 5. Convey things of help and value to listeners. 6. Ensure proper feedback. 7. Communicate for present as well as future. 8. Follow up communications. 9. Be a good listener. (Any three statements)	
10	(a) Planning (b) (i) Identifying alternative courses of action. (ii) Evaluating alternative courses of action.	1 1X2
11	<u>Objectives of SEBI:</u> (any three) 1. To regulate stock exchanges and the securities industry to promote their orderly functioning. 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them. 3. To prevent trading malpractices and achieve a balance between selfregulation by the securities industry and its statutory regulation. 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.	1X3= 3
	OR	

	Functions of Financial Market: (Any three) 1. Financial markets mobilise savings of households and channelize them into the most productive uses. 2. It facilitates price discovery of a financial asset through interaction between supply and demand of funds. 3. Financial markets provide liquidity to financial assets, so that they can be easily converted into cash whenever required. 4. Financial markets provide valuable information about securities being traded in the market and thereby, help to reduce cost of transaction in terms of time, effort and money.	
12	The given statement is true as delegation helps a manager to extend his area of operation as without it his activities would be restricted to only what he himself can do. However, delegation does not mean abdication; the manger shall still be accountable for the assigned task.	3
13	Factors affecting fixed capital requirements are: (any six) i. Scale of operations ii. Financing alternatives iii. Growth prospects iv. Nature of Business v. Diversification vi. Level of Collaboration vii. Technology Upgradation viii. Financing Alternatives	3
SECTION C		

14	The various dimensions of business environment which relate to the above me ntioned case are stated below: a) Political Environment: Political environment includes political c onditions such as general stability and peace in the country and sp ecific attitudes that elected government representatives hold tow ards business. b) Legal Environment: Legal environment includes various legislations pass ed by the Government administrative orders issued by government aut horities, court judgments as well as the decisions rendered by vari ous commissions and agencies at every level of the government centre, state or local. It is imperative for the management of every ente rprise to obey the law of the land. c) Technological Environment: Technological environment includes f orces relating to scientific improvements and innovations which pr ovide new ways of producing goods and services and new methods and techniques of operating a business. (**any two)**	4

15		1X4=4

PRIMARY AND SECONDARY MARKETS – A COMPARISION

PRIMARY MARKETS	**SECONDARY MARKETS**
(i) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	(i) There is trading of existing shares only.
(ii) Securities are sold by the company to the investor directly (or through an intermediary).	(ii) Ownership of existing securities is exchanged between investors. The company is not involved at all.
(iii) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	(iii) Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.

(iv) Only buying of securities takes place in the primary market, securities cannot be sold there.	(iv) Both the buying and the selling of securities can take place on the stock exchange.
(v) Prices are determined and decided by the management of the company.	(v) Prices are determined by forces of demand and supply.
(vi) There is no fixed geographical location.	(vi) Located at specified places.
	(any four)

OR

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

(D)

16	(i) Right to Information (ii) CONSUMER RESPONSIBILITIES (Any two) : a. Be aware about various goods and services available in the market s o that an intelligent and wise choice can be made. b. Buy only standardised goods as they provide quality assurance. Thu s, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc. c. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely. d. Read labels carefully so as to have information about prices, net wei ght, manufacturing and expiry dates, etc. e. Assert yourself to ensure that you get a fair deal. f. Be honest in your dealings. Choose only from legal goods and servic es and discourage unscrupulous practices like black-marketing, hoar ding etc. g. Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.	1 1X3= 3
17	Characteristics of a good brand name: (Any four) (i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc. (ii) A brand should suggest the product's benefits and qualities. It shoul d be appropriate to the product's function. e.g., Rasika, Genteel, Promise, My Fair Lady and Boost. (iii) A brand name should be distinctive e.g., Liril, Sprit, Safari, Zodiac. (iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages. (v) The brand name should be sufficiently versatile to accommodate new products, which are added to the product line. e.g. Maggie, Colgate. (vi) It should be capable of being registered and protected legally. (vii) Chosen name should have staying power i.e., it should not get out of date	1X4= 4
	OR	

(D)

	Functions of packaging: (i) Product Identification: Packaging greatly helps in identification of the products. For example, Colgate in red colour, or Ponds cream jar can be easily identified by its package. (ii) Product Protection: Packaging protects the contents of a product from spoilage, breakage, leakage, pilferage, damage, climatic effect, etc. This kind of protection is required during storing, distribution and transportation of the product. (iii) Facilitating Use of the Product: The size and shape of the package should be such that it should be convenient to open, handle and use for the	

	consumers. Cosmetics, medicines and tubes of toothpastes are good examples of this. (iv) Product Promotion: Packaging is also used for promotion purposes. A startling colour scheme, photograph or typeface may be used to attract attention of the people at the point of purchase. Sometimes it may work even better than advertising. In self-service stores, this role of packaging becomes all the more important.	
18	(i) The communication barrier discussed in the above paragraph is Lack of proper incentives. (ii) It is a type of Personal barrier. (iii) Other communication barriers of the same category are: (any two+ with suitable explanation) a) Fear of challenge to authority b) Lack of confidence of superior on his subordinates c) Unwillingness to communicate.	1 1 1X2=2
19	(a) Commercial paper – it is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. (b) 15 days to one year. (c) It is used to provide short term funds for seasonal and working capital needs of the business.	
	SECTION D	

(D)

20	a. Usable benefit b. Quantity Gifts c. Rebate d. Product combination e. Refund	1X5=5
21	Following are the functions performed by the middle level manager:- (i) interpret the policies framed by top management (ii) ensure that their department has the necessary personnel, (iii) assign necessary duties and responsibilities to them, (iv) motivate them to achieve desired objectives, (v) Cooperate with other departments for smooth functioning of the organization.	1X5=5
	OR	
	Characteristics of Coordination: (i) Coordination unifies unrelated or diverse interests into purposeful work activity. (ii) The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. (iii)Coordination is not a one-time function but a continuous process. It begins	

	at the planning stage and continues till controlling. (iv) Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. (v) Coordination is the responsibility of all managers at the top, middle and lower level. (vi) Coordination is the deliberate function of management. (ANY FIVE)	

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

(D)

SECTION E

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

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

OR

Difference Between Formal and informal organization:

S.No.	BASIS	Formal organisation	Informal organisation
1.	Meaning	Structure of authority relationships created by the management.	Network of social relationships arising out of interaction among employees.

(D)

2	Origin	Arises as a result of company rules and policies.	Arises as a result of social interaction.
3	Authority	Arises by virtue of position in management.	Arises out of personal qualities
4	Behavior	It is directed by rules.	There is no set behavior pattern.
5	Flow of communication	Communication takes place through the scalar chain	Flow of communication is not through a planned route. It can take place in any direction.
6	Nature	Rigid	Flexible
7	Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.

(Any Six)

(D)

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

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

Senior School Certificate Examination
July -----2017-18
Marking Scheme---Business Studies Compartment 66/1, 66/2, 66/3

General Instructions:

1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.

2. Evaluation is to be done as per instructions provided in the marking scheme.

3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.

4. If a question does not have parts, marks be awarded in the left hand margin.

5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.

6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.

7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.

8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.

(D)

9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.

10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 simply to pass him/ her.

11. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.

12. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.

13. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.

14. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

15. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

66/1	66/2	66/3	MARKING SCHEME – 2017-18 BUSINESS STUDIES COMPARTMENT– 66/1-2-3 EXPECTED ANSWERS / VALUE POINTS	MARKS
1	**3**	**5**	**Q. What is meant by 'functional structure' of an organization?** **Ans.** Functional structure is an organisational structure formed by grouping of jobs of similar nature according to functions and organising these major functions as separate departments like production, finance etc.	**1 mark**
2	**5**	**7**	**Q. How does planning reduces the risks of uncertainty?** **Ans**. Planning reduces the risk of uncertainty by anticipating changes and developing managerial responses to the changes.	**1 mark**
3	**4**	**6**	**Q. Zamon Ltd. is manufacturer of electronics goods based in Pune. On one hand it deals in items like books, music instrument, videotapes etc., and on the other hand it deals in laptops and mobile phones.** **The company had a functional structure with separate heads for production, marketing and finance. All the functional heads were looking after the products, but at times their activities overlapped. This led to problems related to coordination and inter-departmental conflicts. To facilitate specialization Ramit, the CEO of the company decided to group books, music instrument, videotapes etc. under 'Media' and laptops and mobile phones under 'consumer electronics'. While doing so Ramit has performed a step in the process of one of the functions of management. Identify the step.** **Ans.** Departmentalisation.	**1 mark**

4	**1**	**8**	**Q.VXL Ltd. is a company dealing in dairy products. It procures these products from Rajasthan and sells them to various parts of Delhi. A month before 'Merio Ltd.' a Haryana based company entered Delhi market with a similar range of products. State the impact of entry of Haryana based 'Merio Ltd.' on the working capital requirements of VXL Ltd. Also, name the factor affecting the working capital requirements of VXL Ltd.** **Ans.** The entry of Haryana based 'Merio Ltd.' will increase the working capital requirements of VXL Ltd as it may necessitate higher stocks of finished goods to meet urgent orders from customers. OR The entry of Haryana based 'Merio Ltd.' will increase the working capital requirements of VXL Ltd as competition may force it to extend liberal credit terms. <u>Factor affecting working capital requirements is:</u> Level of competition.	½ + ½ **=1 mark**

5	**6**	**1**	**Q.'Vani Oil Refinery' is a large company, engaged in processing crude oil and refining it into more useful products like Petroleum, Kerosene, LPG etc. It has build good reputation over the years. It has been consistently earning profits and paying regular dividend to its shareholders. It needs additional working capital immediately to finance a project. It expects to return this amount after seven to eight months. Ashish Batra, the Finance Manager of the company does not want to get into procedural requirements of securing finance from a Commercial Bank.** **Suggest how the company can raise the required finance for meeting its additional working capital requirements.** **Ans.** 'Vani Oil Refinery' can raise the required finance for meeting its additional working capital requirements through <u>Commercial Paper.</u>	**1 mark**

6	**7**	**3**	**Q. Give the meaning of Marketing Mix.** **Ans**. Marketing mix is the combination of variables chosen by a firm to prepare its market offering. OR Marketing Mix is described as the set of marketing tools that a firm uses to pursue its marketing objectives in a target market. *(or any other correct meaning)*	**1 mark**
7	**8**	**2**	**Q. If the company has enough funds and the management also wants to have greater control on the channel members, which channel of distribution should the company adopt? Give reason in support of your answer.** **Ans.** The company should adopt Direct Level Channel/ Zero Level Channel/ Short channel of distribution. Reason: The company has enough funds for starting own retail outlets or engaging large number of sales force.	½ +½ **=1 mark**

8	**2**	**4**	**Q. 'My Bakery', a biscuit manufacturing company, launched biscuits with different flavours based on quality and features like 'Crunchy biscuits', 'Sweet potato', 'Coffee Jolly' etc.** **The labels on the package of the biscuits are with pictures and different colours indicating and specifying the flavours of the biscuits and their contents.** **Identify the two functions of labelling discussed above.** **Ans.** Functions of labelling discussed above are: (i) Describes the product and specifies its contents.	½ + ½
			(ii) Helps in grading of products.	**=1mark**
9	**12**	**11**	**Q. Distinguish between 'delegation' and 'decentralization' on the basis of** **(i) Freedom of action; (ii) Status and (iii) Purpose.** **Ans.** Distinction between 'delegation' and 'decentralisation': **.**	**1 x 3 = 3marks**

Basis	**Delegation**	**Decentralisation**
Freedom of action	Delegation involves more control by superiors leading to less freedom to take own decisions by subordinates.	Decentralisation involves less control over executives leading to greater freedom of action to subordinates.
Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
Purpose	The purpose of delegation is to lessen the burden of the manager.	The purpose of decentralization is to increase the role of the subordinates in the organisation by giving them more autonomy.

10	**13**	**10**	**Q. State any three financial incentives other than 'Pay and Allowances' to motivate employees.** **Ans.** Financial incentives other than 'Pay and Allowances' to motivate employees: (**Any three)** (a) Productivity linked wage incentive involves linking payment of wages of employees to the increase in their productivity at individual or group level. (b) Bonus involves offering an amount of funds over and above the wages/ salary to the employees. (c) Profit Sharing involves providing a share in the profits of the organization to employees. (d) Co-partnership/Stock option is an incentive under which the employees are offered company shares at a set price which is lower than market price. (e) Retirement Benefits include benefits such as provident fund, pension and gratuity that provide financial security to employees after their retirement. (f) Perquisites include incentives such as car allowance, housing, medical aid and education to the children etc., which	**= 1 x 3 = 3marks**

			are offered over and above the salary. *(If an examinee has given only the heading, ½ mark for each heading should be awarded.)*	

11	**9**	**12**	**Q. Lakhan, an expert in the area of Financial Management, sent an e-mail to his subordinate Thomas about a new project for a client in France. Though, the mail was in English, a language known to Thomas, he was not able to understand the actual meaning of many words used in the mail. He was also not a specialist in the field of Financial Management. Not only this, some portions of the mail were translated from French to English in such a manner that many mistakes crept in, causing different meaning to the message.** **(a) Identify two specific barriers to communication in Lakhan's e-mail.** **(b) State any two measures which can be taken by Lakhan to overcome the barriers identified in part (a)above to improve in future the effectiveness of his communication.** **Ans.** Two specific barriers to communication in Lakhan's e-mail were: (i) Faulty translations (ii) Technical jargon Measures to overcome communication barriers: (**Any two**) (i) Lakhan should communicate according to the needs, education and understanding levels of subordinates. (ii) He should take a proper feedback to improve the communication process and make it more responsive. (iii) He should regularly follow up communication and review the instructions given to subordinates. (iv) He should be aware of languages, tone and content of the message to make it understandable to the receiver. *(If an examinee has given only the heading, ½ mark for each heading should be awarded.)*	**½ + ½ = 1 mark** **+** **1 x 2 = 2marks** **=** **1 +2 = 3marks**

12	**11**	**13**	**Q. Neelabh Sarin, the Finance Manager and Atul Chopra, the Managing Director of Ghokerns Ltd. were discussing regarding the source of finance to be raised for modernization of their existing plant. Quoting that 'Sensex has soared by 5078 points' in the last three years, Neelabh Sarin suggests that equity should be preferred while Atul Chopra wanted to opt for debt. Keeping in mind the high operating costs of the company, suggest the source of finance that should be used for modernization of existing plant. Also, explain the two factors highlighted above which should be kept in mind for taking this**	

			decision. **Ans.** The source of finance that should be used for modernization of existing plant is Equity. Two factors highlighted above which should be kept in mind for taking this decision are: (a) Stock market conditions/ State of capital market. (b) Fixed operating costs/ Risk considerations. *(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)*	**1 mark + ½ mark for heading + ½ mark for explanation = 1 x 2 = 2 marks = 1 +2 = 3 marks**

13	**10**	**9**	**Q. Explain any three points of importance of consumer protection from the point of view of consumers.** **Ans.** Importance of Consumer protection from the point of view of consumers: (i) Consumer ignorance. (ii) Unorganized consumers. (iii) Widespread exploitation of consumers. *(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)*	**½ mark for heading + ½ mark for explanation = 1 x 3 = 3 marks**
14	**16**	**18**	**Q. Vardan Patel started the business of preparation and supplying sweets through home delivery at a production cum show-room 'Express Sweets' at Ahmedabad.** **He made a plan forecasting the sales of different types of sweets in various localities of Ahmedabad for each month of the year to earn a profit of 20% on Capital employed.** **He sets a sales target of ₹20,00,000 in the current year with a 10% increase every year.** **He then set the criteria for selecting suppliers from whom he would make purchases of raw material. The planning paid off and the business was able to achieve its targets.** **(a) Identify any two types of plans by quoting the lines from the above.** **(b)Also give the meaning of the types of plans identified in part (a) above.** **Ans.**(a) The two types of plans are: (i) Objective *'He set a sales target of Rs. 20,00,000 in the current year with a 10% increase every year.'*	**½ mark for identification** **+** **½ mark for**

			OR *'He made a plan forecasting the sales of different types of sweets in various localities of Ahmedabad for each month of the year to earn a profit of 20% on Capital employed.'* (ii) <u>Policy</u> *'He then set the criteria for selecting suppliers from whom he would make purchases of raw material.'* (b) <u>Objective:</u> An objective is the end which the management seeks to achieve within a given time period, expressed in quantitative terms. <u>Policy</u> : A policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.	**quoting line** **=** **1 x 2** **=** **2 marks** **+** **1 mark each for the meaning** **=** **1 x 2** **=** **2 marks** **=** **2+2** **=** **4 marks**

15	**15**	**17**	**Q. A.V.M.Ltd. set-up its electric appliances manufacturing factory in a backward area of Himachal Pradesh where subsidies are provided by the government and labour is available at cheaper rates.** **A.V.M Ltd. was able to produce its products at low cost thereby generating enough profits in the first year itself. It was because of the fact that the limits of authority and responsibility of the employees were clearly defined and the activities of various departments were coordinated and integrated. The Production Manager of the company also came to know about the availability of raw material at cheaper rates from a vendor. For this he wrote a letter to the Managing Director of the company for getting sanction. But because of procedural delays in getting this sanction and procuring funds from the Finance Manger, the order could not be placed.** **(a)Identify the type of organization that led to procedural delays and because of which the company could not get the advantage of procuring raw material at cheaper rates.** **(b)State an advantage of the type of organization identified in (a) above other than those discussed in the above case.** **(c)Also, state any two values communicated by A.V.M Ltd. to the society.** **Ans.**(a) Formal organisation. (b)<u>Advantage of formal organisation (**Any one**):</u> (i) It helps to maintain <u>unity of command</u> through an established chain of command.	**1 mark for identification** + **1 mark for advantage**

			(ii) It leads to effective accomplishment of goals by ensuring that each employee knows the role he has to play. (iii) It provides stability to the organization as behavior of employees can be fairly predicted. *(If an examinee has given only the heading, ½ mark for each heading should be awarded.)* (c) Values communicated by A.V.M Ltd. to the society: (i) Development of backward areas/ Balanced regional development. (ii) Optimum utilization of resources.	**+ 1 mark for each value = 1 x 2 = 2 marks = 1+1 +2 = 4 marks**
16	**14**	**14**	**Q. Explain the steps to be followed in the process of controlling function of management after 'Setting Standards'.** **Ans.** Steps to be followed in the process of controlling function of management after 'Setting Standards': (i) Measuring actual performance (ii) Comparing actual performance with standards (iii) Analysing deviations • Critical Point Control • Management by Exception (iv) Taking corrective action *(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)* *(If the examinee has not followed the correct sequence of steps, ½ mark to be deducted.)*	**½ mark for heading + ½ mark for explanation = 1 x 4 = 4 marks**

17	**19**	**16**	**Q. After passing his secondary school examination, David left the school at the age of 15 years and started getting training under his father. His father, a renowned electrician, had worked for many companies. He everyday started accompanying his father on work and watched him carefully while working. David was a good learner and learnt the techniques of work quickly. Now his father started passing on the tricks of the trade to David. With the passage of time David acquired a high level skill and became a well-known electrician at Indore. Big business-houses started calling him for electrical -wiring .** **(a)Name the method of training discussed in the above para.** **(b) State any three benefits which David could get on being trained.** **Ans.**(a) Apprenticeship Training (b)Benefits which David could get on being trained: **(Any three)** (i) It may lead to his promotion and career growth due to improved skills	**1 mark for naming the method** + **1 mark for stating each**

			and knowledge. (ii) It will help him to earn more due to improved performance. (iii) It will reduce accidents as he will be more efficient to handle machines. (iv) It will increase his satisfaction and morale. *(If an examinee has given only the heading, ½ mark for each heading should be awarded.)*	**benefit** **= 1 x 3** **= 3marks** **= 1+3** **= 4 marks**

18	**17**	**19**	**Q. Describe any four functions of Financial Market.** **Ans.**Functions of Financial Market: (i)Mobilisation of savings and channelising them into most productive use. (ii) Facilitating price discovery. (iii) Providing liquidity to financial assets. (iv) Reducing the cost of transactions. *(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)*	**½ mark for heading + ½ mark for explanation** **=1 x 4 = 4 marks**
19	**18**	**15**	**Q. Sara was pursuing her graduation. Everyday she saw her mother working tirelessly at home after coming back from her work-place.** **She decided to start a tiffin service to increase her family income.** **To begin with she started supplying tiffin only in the neighbourhood. Everyday she detailed out the menu after consulting her mother. For informing the people about her service she designed a beautiful informative pamphlet, got it printed and started distributing it through the daily newspapers. She also appointed two delivery boys to deliver tiffins.** **The business was slow to begin with but picked-up well afterwards. She was able to earn a profit of 20% of the revenue in the first month.**	

		)	**(a)Identify the promotional tool used by Sara to communicate to the customers about her tiffin service.** **(b)State any three roles of the promotional tool identified in (a) above in marketing of goods and services.** **Ans**. (a) Advertising (b)Role of advertising in marketing (**Any three**): (i)It helps to create demand by informing the prospective customers about the product.	**1 mark for identification** + **1 mark for stating each**

			(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.)*	**point of role** **=** **1 x 3** **=** **3 marks** **=** **1 +3** **=** **4 marks**

20	**22**	**21**	**Q. State any five characteristics of co-ordination.** **Ans.** Characteristics of co-ordination: **(Any five)** (i) It integrates group efforts by unifying diverse interests into purposeful work activity (ii) It ensures unity of action by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation. (iii) It is a continuous process as it starts at the planning stage and continues till controlling. (iv) It is a pervasive function as it is required in all types of organisations, in all the departments and at all levels. (v) It is the responsibility of all managers at the top, middle and lower level. (vi) It is a deliberate function as every manager has to co-ordinate the efforts of different people in a conscious and deliberate manner. *(If an examinee has given only the heading, ½ mark for each heading should be awarded.)*	**1 x 5** **=** **5 marks**
21	**20**	**22**	**Q. Deewan Ltd. is a multinational consulting company with its headquarters at Washington D.C. It hires young people from different countries of the world.** **It is a company in which people dream to work because of its work-environment, pay and growth prospectus. The company has a culture of open communication and people of various nationalities work together in a discrimination free environment.** **The behaviour of managers of Deewan Ltd.**	

			emphasizes kindliness and justice which ensures loyality and devotion of workers. **It also promotes mutual trust and belongingness among team members. In this way management of Deewan Ltd. is able to achieve its objectives by promoting team work. By doing so managers of Deewan Ltd. are following some principles of management.** **Identify and explain any two such principles**. **Ans.** The two principles of management followed by managers of Dewan Ltd are: Equity ▪▪ Equity states that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. ▪▪ It emphasises kindliness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. Espirit de Corps. ▪▪ Management should promote team spirit of unity and harmony among employees. ▪▪ This will give rise to spirit of mutual trust and belongingness among team members and will minimise the need for using penalties.	**½ mark for identification of each principle** + **2 marks for its explanation** = **2 ½ x 2** = **5 marks**

(D)

22	**21**	**20**	**Q. Aditi set-up a company 'Dantik Ltd.'to manufacturer toothpastes using herbs found in her village instead of chemicals that are hazardous to health. The package of the product was eco-friendly and had details like price, quantity, ingredients, directions for use and other relevant information. It also carries the contact details like address, phone number and e-mail id of 'Dantik Consumer Services and Grievance Cell'. The toothpaste became very popular and she started getting orders from reputed traders.** **(a) Identify and explain any two Rights of Consumers discussed above.** **(b) State any two values being communicated by 'Dantik Ltd.'to the society.** **Ans.** (a) Rights of Consumers discussed above: (i)Right to be Informed states that a consumer has a right to have complete information about the product he intends to buy such as ingredients, date of manufacture, price, quantity etc. (ii)Right to be Heard states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service. (b) Values communicated by 'Dantik Ltd.' to the society: **(Any two)** (i) Concern for health. (ii) Optimum utilization of resources. (iii) Social responsibility.	**½ mark for identification of each Right** **+** **1 mark for explanation** **=** **1 ½ x 2** **=** **3 marks** **+** **1 mark for each value** **=** **1 x 2** **=** **2 marks** **=** **3+2**
			(or any other correct value)	**= 5 marks**

23	**24**	**25**	**Q. With rapid advancements in the field of replacing manual work with machines, a Robot named 'Sujan' has been invented and developed and is likely to get the citizenship of the country of its origin.** **It has led to a stage where machines are being used in place of human beings. 'Sujan' is doing all types of work whether routine or hazardous and even answering the queries of people. However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life. Through the orders and decisions of various commissions and agencies at Centre, State or local level the Indian Government is playing a very significant role in balancing the use of human and machine power. Various dimensions of business environment are being discussed in the above para.** **By quoting the lines from the above identify and explain any three dimensions.** **Ans.**(i) <u>Technological Environment</u> *'With rapid advancements in the field of replacing manual work with machines, a robot named 'Sujan' has been invented and developed'.* Technological Environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business. (ii) <u>Social Environment</u> *'However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life'.* Social Environment includes social forces like customs and traditions, values, social trends and society's expectation from business.	**½ mark for identification of each dimension** + **½ mark for quoting** + **1 mark for**

(D)

			(iii) <u>Legal environment</u> 'Through *the orders and decisions of various commissions and agencies at Centre, State or local level the Indian Government is playing a very significant role in balancing the use of human and machine power.'* Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government— Centre,	**explanation** = **2 x 3** =

(D)

			state or local.	**6 marks**
24	**25**	**23**	**Q. There were two vacancies for the post of Assistant Manager in 'Gyan Electrics Private Ltd.' 'Parth' the Human Resources Manager identified one suitable candidate 'Vishwas' from within the organization and promoted him to the post of Assistant Manager. For another post, the Manager 'Parth' took help of a placement agency and selected 'Saleem'. After six months, Parth observed that 'Vishwas's' performance was much better than 'Saleem's' performance though 'Vishwas' was less qualified than 'Saleem'. Hence, 'Parth' decided that in future he will not make any appointment with the help of an outside source.** **Explain any four reasons on the basis of which 'Parth' would have taken the above decision.** **Ans.** Reasons on the basis of which 'Parth' would have taken the decision not to make appointment with the help of an outside source are: **(any four)** (a) Internal sources are more reliable way of recruitment since the candidates are already known to the organisation whereas external sources. (b) If internal source are used, there is no need for induction training as the employees are already familiar with the organisation. (c) Internal sources help to improve the motivation, loyalty and satisfaction level of existing employees. (d) Promotion at a higher level may lead to a chain of promotions at lower levels in the organisation. (e) They simplify the process of selection as the candidates are already known to the organisation.	**=** **1 ½ mark for each reason** **=** **1 ½ x 4** **=** **6 marks**

(D)

			(f) They help in adjustment of surplus staff in those departments where there is shortage of staff. (g) Filling of jobs internally is cheaper as compared to getting candidates from external sources.	
25	**23**	**24**	**Q. What is meant by 'New Issue Market'? Explain the various methods of flotation of new securities issues in this market.** **Ans.** New Issue Market is a market in which new securities are issued for the first time to the investors. The various methods of floatation of new securities in this market are: (i) Offer through Prospectus (ii) Offer for Sale	**1 mark for the meaning + ½ mark for the heading + ½ mark for explanation**
			(iii) Private Placement (iv) Rights Issue (v) E-IPO *(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)*	**= 1 x 5 = 1+5 = 6 marks**

-Strictly Confidential: (For Internal and Restricted Use Only)

Senior School Certificate Examination

March -----2017-18

Marking Scheme---Business Studies 66/1, 66/2, 66/3

General Instructions:

1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.

2. Evaluation is to be done as per instructions provided in the marking scheme.

3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.

4. If a question does not have parts, marks be awarded in the left hand margin.

5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.

6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.

7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.

8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.

(D)

9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.

10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 simply to pass him/ her.

11. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.

12. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.

13. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.

14. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

15. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

..

66/1	66/2	66/3	MARKING SCHEME – 2017-18 BUSINESS STUDIES 66/1-2-3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
1	**7**	**4**	**Q. Define 'Decentralisation'.** **Ans.** Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points. **(or any other correct definition)**	**1 mark**

(D)

2	**6**	**3**	**Q. Give the meaning of 'Method' as a type of plan.** **Ans.** Method is the prescribed way or manner in which a task has to be performed taking into consideration the objective of the organisation.	**1 mark**
3	**4**	**2**	**Q. Saurabh decided to start a chocolates manufacturing business. He set the target of earning 10% profit on sales in the first year. As a good businessman, he was concerned about the future of the business, which was uncertain. He gathered information that the demand for chocolates is increasing day by day. He used this information as the base for future planning and shared it with his team. On the basis of the gathered information, he scheduled a meeting in the following week to find innovative ways to achieve the objectives. List the first two steps, which have been followed by Saurabh that are related to the process of one of the functions of management.** **Ans.** Two steps of Planning which have been followed by Saurabh are: (i) Setting Objectives. (ii) Developing Premises.	**½ mark for each step = ½ x 2 = 1 mark**
4	**3**	**1**	**Q. In the paint industry, various raw materials are mixed in different proportions with petroleum for manufacturing different kinds of paints. One specific raw material is not readily and regularly available to the paint manufacturing companies. Bonler Paints Company is also facing this problem and because of this there is a time lag between placing the order and the actual receipt of the material. But, once it receives the raw materials, it takes less time in converting it into finished goods.** **Identify the factor affecting the working capital requirements**	

			of this industry. **Ans.** Availability of raw materials/ Production Cycle/ Nature of business.	**1 mark**
5	**1**	**8**	**Q. An investor wanted to invest ₹20,000 in Treasury Bills for a period of 91 days. When he approached the Reserve Bank of India for this purpose he came to know that it was not possible.** **Identify the reason why the investor could not invest in the** **Treasury Bill.** **Ans.** The investor could not invest in the Treasury Bills as they can be issued for a minimum amount of ₹25,000 and its multiples thereof.	**1 mark**
6	**8**	**7**	**Q. Why is the understanding of 'Marketing Management Philosophies' important?** **Ans.** Understanding of 'Marketing Management Philosophies' is important as it determines the emphasis or the weightage to be put on different factors, in achieving the organisational objectives. OR Understanding of 'Marketing Management Philosophies' is important to guide the marketing efforts of an organisation whether to emphasise on designing the features or selling techniques or on customers needs or the social concerns in achieving the objectives.	**1 mark**

7	**5**	**6**	**Q. Give the constitution of the District Consumer Disputes Redressal Forum under the Consumer Protection Act, 1986.** **Ans**. District Consumer Disputes Redressal Forum constitutes of one President and two other members, one of whom should be a woman.	**1 mark**
8	**2**	**5**	**Q. 'Buy one get one free' is printed on the label of the package of a mosquito repellant.** **State the labelling function being performed by this statement.** **Ans**. Labelling function performed is – 'Helps in Promotion of products' as labelling plays an important role in sales promotional schemes launched by companies.	**1 mark**
9	**11**	**13**	**Q. Differentiate between formal and informal organizations**	

on the basis of (i) origin, (ii) authority, and (iii) flow of communication.

Ans. DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANISATION

Basis	FORMAL ORGANISATION	INFORMAL ORGANISATION
(i) Origin	It is deliberately created through a well defined policy of management.	It arises as a result of social interaction among the employees.
(ii) Authority	Authority arises on the basis of position of management.	Authority arises on the basis of personal qualities.
(iii) Flow of communication	Communication takes place through the scalar chain.	Communication does not take place through a planned route, it can take place in any direction.

1 x 3 = 3 marks

10	**9**	**11**	**Q. State the steps in the selection procedure, after the employment interview and before the job offer.** **Ans.** Steps in the Selection procedure, after the employment interview and before the job offer are: (a) Reference and background checks for the purpose of verifying the information and gaining additional information. (b) Selection decision from among the candidates who pass the tests, interviews and reference checks. (c) Medical Examination which includes a medical fitness test which the candidate is required to undergo. **(1/2 mark should be deducted if the sequence is not followed)**	**1 mark for each statement = 1 x 3 = 3 marks**
11	**10**	**12**	**Q. Sandhya is a successful manager at Manisons Enterprises. She has a team of twelve people working under her. She encourages them to set their own objectives and take decisions. She respects their opinions and supports them, so that they can perform their duties and accomplish**	

			organizational objectives. To manage and exercise effective control she uses forces within the group. **As an intelligent manager, at times, she also make use of positive aspects of informal communication. This way, she is able to unify diverse interests and ensure the targets are met. (a) There are many theories and styles of influencing people's behavior. Identify the style used by Sandhya which is based on the use of authority.** **(b) State two positive aspects of the communication discussed above, which Sandhya is using as an intelligent manager.** **Ans.** (a) **Democratic style.** (b) Two positive aspects of communication which Sandhya is using as an intelligent manager are: (i) It carries information rapidly and therefore may be useful to the manager at times. (ii) It is used by the manager to transmit information so as to know the reaction of his/ her subordinates.	**1 mark for identifying the style + 1 x 2 = 2 marks = 1+2 =** **3 marks**

12	**13**	**10**	**Q. The Return on Investment (ROI) of a company ranges between 10-12% for the past three years. To finance its future fixed capital needs, it has the following options for borrowing debt:** **Option 'A' : Rate of interest 9%** **Option 'B' : Rate of interest 13%** **Which source of debt, 'Option A' or 'Option B', is better? Give reason in support of your answer. Also state the concept being used in taking the decision.** **Ans.** Option 'A' is better. This is because in this option, Return on Investment (10-12%)is higher than the Rate of interest (9%). The concept being used in taking the decision is **Trading on Equity.** Trading on equity refers to the use of fixed cost sources of finance	**1 mark for identifying the option** + **1 mark for the reason** + **½ mark for identifying the concept**

			such as preference shares, debentures and long term loans in the capital structure so as to increase the return on equity shares.	+ **½ mark for the statement** = **1+ 1 + ½ + ½** = **3 marks**

13	**12**	**9**	**Q. Explain briefly any two points of importance of consumer protection from the point of view of business** **Ans.** Importance of Consumer protection from the point of view of business: **(Any two)** (i) Long-term interests of business. (ii) Business uses society's resources. (iii) Social Responsibility. (iv) Moral Justification. (v) Government Intervention. (**If an examinee has not given the headings as above but has given the correct explanation, full credit should be given**)	**½ mark for the heading** + **1 mark for its explanation** = **1 ½ x 2** = **3 marks**

14	**16**	**18**	**Q. Aradhana and Gandharv are heads of two different departments in 'Yumco Ltd.' They are efficient managers and are able to motivate the employees of their respective departments to improve performance. However, their drive to excel in their own sphere of activity instead of giving emphasis on objectives of the enterprise has hindered the interaction between the departments that Aradhana and Gandharv are heading. Often there are inter-departmental conflicts and they have become incompatible. This has proved to be harmful in the fulfillment of the organizational objectives. The situation has deteriorated to such an extent that the CEO of 'Yumco Ltd.' has hired a consultant, Rashmi, to resolve the problem. After studying the situation closely, Rashmi found that the problem has arisen due to inflexibility and a narrow perspective on the part of both Aradhana and Gandhrav. She is of the view that this situation is a result of the type of organizational structure 'Yumco Ltd.' has adopted.** **From the above information, identify the organizational structure adopted by 'Yumco Ltd.' and state any three advantages of the structure so identified.**	

			Ans. Functional Structure is the organisational structure adopted by 'Yumco Ltd.'. <u>Advantages of Functional Structure:</u> (**any three**) (a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions. (b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed. (c) It increases <u>managerial and operational efficiency</u>. (d) It <u>lowers cost</u> as it reduces duplication of effort. (e) It makes <u>training of employees easier</u> as it focuses on a limited range of skills. (f) It ensures that different <u>functions get due attention</u>. **(If an examinee has given only the heading, ½ mark for each heading should be awarded)**	**1 mark for identifying the structure** + **1 mark for each statement giving advantage** = **1 x 3** = **3 marks** = **1+3** = **4 marks**

15	**18**	**19**	**Q. In 2015, Naveen left his luxurious life in Mumbai, where he worked as a manager for Bluebirds Ltd. He shifted to Begampur, Chhattisgarh to fulfill his grandmother's dream of converting their 25 acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals.** **Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To aid farmers he launched his own company 'Innovative Agriculture Solutions Pvt. Ltd.'** **It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales.** **He also found that the farmers grew only paddy, which was an activity of 3-4 months and the land remained idle for the rest 8-9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilized**	

			for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown. **The above case highlights the features of one of the functions of management. By quoting lines from the above identify and explain these features.** **Ans.** Features of planning are: (i) Planning focuses on achieving objectives	

(D)

			'He set out specific goals along with the activities to be performed to achieve the goals' Planning focuses on achieving objectives as specific goals re set out in the plans along with activities to be undertaken to achieve the goals. (ii) <u>Planning is futuristic</u> *'He wanted to ensure that the future events meet effectively the best interests of the company'* *OR* *'Through sales forecasting, he prepared an annual plan for production and sales'* Planning is <u>futuristic</u> as it involves looking ahead and preparing for the future. (iii) <u>Planning involves decision making</u> *'He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year'.* OR *'.... all alternatives were examined and evaluated'* Planning <u>involves decision making</u> as it involves a choice from	**½ mark for identifying the feature including quoting the lines** + **½ mark for explanation** = **1 x 4** = **4 marks**

			among the various alternative courses of action. (iv) Planning is a mental exercise *'Through correct foresight and logical and systematic thinking based on analysis of all facts…'.* Planning is a mental exercise as it is intellectual activity of thinking rather than doing.	
16	**17**	**14**	**Q. Explain any four points of importance of the controlling function of management.** **Ans.** Importance of controlling (**Any four**): (i) Accomplishing organisational goals. (ii) Making efficient use of resources. (iii) Ensuring order and discipline. (iv) Improving employee motivation. (v) Judging accuracy of standards. (vi) Facilitating co-ordination in action. **(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)**	**½ mark for the heading** + **½ mark for its explanation** = **1 x 4** = **4 marks**

17	**14**	**15**	**Q. Ram Murthy, the CEO of 'Goodcare Hospitals', a leading chain of hospitals, decided to reward the good work of the doctors of this organization. For this he instituted two running trophies. A 'Healthcare Achievers Trophy' to acknowledge and appreciate the tireless efforts of the doctors who rendered selfless services to the patients and another 'Beti Bachao Trophy' to recognize the outstanding work done by the doctors in saving the girl child.** **The CEO also wanted to improve the health services in rural areas all over the country. He decided that all doctors must work in rural areas for at least six months. He also decided that the paramedical staff should be employed locally.** **(a) Identify the incentive provided by 'Goodcare Hospitals' to**	

(D)

			its doctors through running trophies. **(b) Which need of the doctors will be satisfied through the incentive identified in part (a)? State.** **(c) State any two values that the CEO of 'Goodcare Hospitals' is trying to communicate to the society.** (a) <u>Employee Recognition</u> *(If an examinee has written 'Non Financial incentive' instead of 'Employee Recognition', ONLY ½ mark to be awarded)* (b) <u>Esteem Needs</u> These include factors/needs such as self respect, autonomy status, recognition and attention. (c) <u>Values that the CEO of 'Goodcare Hspitals' is trying to communicate to the society are:</u> (**Any two**) (i) Concern for health. (ii) Concern for Hygiene. (iii) Creation of employment opportunities. (iv) Good behaviour in human interaction. (v) Fulfilling Social responsibility. (vi) Development of rural areas/ Balanced regional development. (vii) Saving the girl child/ Women Empowerment. **(or any other correct value)**	**1 mark for identifying the incentive** **+** **½ mark for identifying the need** **+** **½ mark for its explanation** **=** **½ + ½** **=** **1 mark** **1 mark for each value** **=** **(1 x 2)** **=** **2 marks** **=** **1+1+2** **=** **4 marks**

18	**19**	**17**	**Q. State the protective functions of Securities and Exchange Board of India.** **Ans.** Protective functions of SEBI**:** (a) It prohibits fraudulent and unfair trade practices like misleading statements, manipulations, price rigging etc. (b) It controls insider trading and imposes penalties for such practices. (c) It undertakes steps for investor protection. (d) It promotes fair practices and code of conduct in securities market.	**1 mark for each statement = 1 x 4 = 4 marks**

			(If an examinee has given only the headings, ½ mark for each heading should be awarded)	

19	**15**	**16**	**Q. Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer's instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG Electronics Ltd., which refused to provide any service on the plea that installation of the machine was not done by the company.** **(a) State the responsibility which Sumit has to fulfil as an aware consumer to get the services of the company. (b) Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).** **Ans.** (a) <u>Responsibility which Sumit has to fulfill as an aware consumer to get the services of the company:</u> *Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.* **(b)** <u>Two rights which Sumit could have exercised had he fulfilled his responsibility:</u> <u>(i) Right to be heard:</u> ▪▪ The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.	**1 mark for stating the responsibility** + **½ mark for identifying the right** + **1 mark for its explanation** = **1 ½ marks** = **(1 ½ x 2)** = **3 marks**

			▪▪ It is because of this reason many firms have set up their own consumer service and grievance cells. (ii) Right to seek redressal: ▪▪ The consumer has a right to get relief in case the product or service falls short of his expectations. ▪▪ The Consumer Protection Act, 1986 provides reliefs to consumers such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer.	= **1+3** = **4 marks**

(D)

20	**22**	**21**	**Q. What is meant by co-ordination? State its any four features.** **Ans.** Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal. <u>Features of co-ordination:</u> **(Any four)** (i) It <u>integrates group efforts</u> by unifying diverse interests into purposeful work activity (ii) It <u>ensures unity of action</u> by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation. (iii) It is a <u>continuous process</u> as it starts at the planning stage and continues till controlling. (iv) It is a <u>pervasive function</u> as it is required in all types of organisations, in all the departments and at all levels. (v) It is the <u>responsibility of all managers</u> at the top, middle and lower level. (vi) It is a <u>deliberate function</u> as every manager has to co-ordinate the efforts of different people in a conscious and deliberate manner. (**If an examinee has given only the headings, ½ mark for each heading should be awarded**)	**1 mark for the meaning** + **1 mark for each statement** = **1 x 4** = **4 marks** = **1+4** = **5 marks**

21	**20**	**22**	**Q. 'Konark Ltd.' is an electric goods manufacturing enterprises situated in Shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic goods manufacturing enterprise, 'Nova Ltd.' situated in Mumbai. Both Konark's and Nova's operations are affected directly by the investors, customers, competitors and suppliers, which are unique to their respective locations. In addition to this, individual forms of this field are affected indirectly by the factors like the money supply in the economy, composition of the families, the technological changes, etc. (a) Identify and state the feature of the concept discussed in the above paragraph.** **(b) Also, state any four points of importance of this concept.**	

			Ans. (a) Specific and General Forces Business Environment includes both specific and general forces. Specific forces affect individual enterprises directly and immediately in their day-to-day working. General forces have impact on all business enterprises and thus may affect an individual firm only indirectly. **(b)** Importance of business environment: (**Any four**) (i) It helps to identify opportunities and getting the first mover advantage instead of losing them to the competitors. (ii) It helps to identify threats on time which serves as an early warning signal. (iii) It helps in tapping useful resources so that it can convert them into output that the environment desires. (iv) It helps in coping with rapid changes in an increasingly dynamic environment. (v) It helps in assisting in planning and policy formulation. (vi) It helps in improving performance by continuously monitoring the environment and adopting suitable practices. **(If an examinee has given only the headings, ½ mark for each heading should be awarded)**	**½ mark for identifying the feature** + **½ mark for stating the feature** = **1mark** + **1 mark for each statement** = **1 x 4** = **4 marks** = **1+4** = **5 marks**

22	**21**	**20**	**Q. After acquiring the necessary knowledge and skills on starting an Aloevera Farm, Ashok wanted to be the leading manufacturer of Aloevera products worldwide. He observed that the products were expensive as the demand of the products was more than the supply. He was also keen to promote the methods and practices that were economically viable, environmentally sound and at the same time protecting public health.** **Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloevera products. He also thought that competitors prices and their anticipated reactions must also be considered for this.** **After gathering and analyzing information and doing correct marketing planning, he came to know that the consumers compare the value of a product to the value of money they are**	

			required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay. **Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.** **He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.** **The above case related to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.** **(a) Identify the concept.** **(b) Explain briefly any four factors discussed in the above case related to the concept so identified.** **Ans**. (a) Price/ Pricing (b) <u>Factors discussed in the above case are: (**Any four**)</u> (i) Product Cost (ii) Utility and Demand (iii) Extent of competition (iv) Marketing methods used (v) Pricing objectives	**1 mark for identifying the concept** **+** **½ mark for identifying the factor** **+** **½ mark for its explanation** **=** **1 x 4** **=** **4 marks** **=** **1 + 4** **=** **5 marks**

(D)

23	**24**	**25**	**Q. Karan Nath took over 'D'north Motor Company' from his ailing father three months ago. In the past the company was not performing well. Karan was determined to improve the company's performance. He observed that the methods of production as well as selection of employees in the company were not scientific.** **He believed that there was only one best method to maximize efficiency. He also felt that once the method is developed, the workers of the company should be trained to learn that 'best**	

			method'. **He asked the Production Manager to develop the best method and carry out the necessary training. The Production Manager developed this method using several parameters right from deciding the sequence of operations, place for men, machines and raw materials till the delivery of the product to the customers. This method was implemented throughout the organization. It helped in increasing the output, improving the quality and reducing the cost and wastage.** **Identify and explain the principles and the technique of scientific management followed by the Production Manager in the above case.** **Ans.** Principles of management followed in the above case: (a) **Science not rule of thumb** ▪▪ It states that there was only one best method to maximise efficiency. ▪▪ This method can be developed through scientific study and analysis of each element of a job and should substitute 'Rule of Thumb'. ▪▪ This standard method then should be followed throughout the organisation. (b) **Development of each and every person to his greatest efficiency and prosperity** ▪▪ This principle is concerned with efficiency of employees which could be built in right from the process of employee selection. ▪▪ The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency. ▪▪ Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers.	**½ mark for identifying each principle/ technique + 1 ½ marks for its explanation** =

(D)

			Technique of scientific management followed in the above case: **(a) Method Study** ▪▪ It is a study to find out one best way of doing the job. ▪▪ It helps to minimize the cost of production, improve the quality and maximize satisfaction of the customer. ▪▪ It includes all activities from procurement of raw materials till the final product is delivered to the customer.	**2 x 3 =** **6 marks**

(D)

24	**25**	**23**	**Q. 'Moga Industries Ltd.' approached a well-established university in the city of Madurai to recruit qualified personnel**	

(D)

			for various technical and professional jobs. They selected Tanya, Ritu, Garima and Chetan for various vacancies in the organization. **After the selection and placement, 'Moga Industries Ltd.' felt the need to increase the skills and abilities, and the development of the positive attitude of the employees to perform their specific jobs better. The company also realized the learning new skills would improve the job performance of the employees. Hence, the company decided to take the actions for the same.** **(a) Name the step of the staffing process regarding which the company decided to take action.** **(b) State the benefits of the action to 'Moga Industries Ltd.'** **Ans. (a)** Training and Development. *(If an examinee has written 'Training' instead of 'Training and Development', ONLY ½ mark to be awarded)* (b) <u>Benefits of training to 'Moga Industries Ltd.':</u> (i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods. (ii) It <u>enhances employee productivity</u> both in terms of quantity and quality leading to higher profits. (iii) It <u>equips the future manager</u> to take over in an emergency. (iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism. (v) It helps in <u>obtaining effective response in a fast changing environment</u>	**1 mark for naming the step** + **1 mark for each statement** = **1 x 5** = **5 marks** = **1+5** = **6 marks**

(D)

			(If an examinee has given only the headings, ½ mark for each heading should be awarded)	

(D)

25	**23**	**24**	**Q. Explain briefly any four factors affecting the fixed capital requirements of an organisation.** **Ans.** Factors affecting fixed capital requirements of a company: **(Any four)** (i) Nature of business.	**½ mark for heading**
			(ii) Scale of operations. (iii) Choice of technique. (iv) Growth prospects. (v) Technology upgradation. (vi) Diversification. (vii) Financing alternatives. (viii) Level of collaboration. **(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)**	**+** **1 mark for explan-ation** **1 ½ x 4** **=** **6 marks**

Business Studies Class 12

Sample paper (2019-20)

Duration: 3 hours | Maximum Marks: 80

Section – A

Q.N.	Question	Max marks
1	Management is a. A Science; b. An Art; c. both science and art; d. Neither.	1
2	The purchase, production and sales managers at Sharda Ltd, a firm manufacturing readymade garments are generally at a conflict, as they have their own objectives. Usually each thinks that only they are qualified to evaluate, judge and decide on any matter, according to their professional criteria. Name the concept which will be required by the CEO Mr. Raman, to reconcile the differences in approach, interest or opinion in the organisation.	1
3	Principles of management are NOT: a. Applicable only in large firms; b. Formed by practice and experience of managers; c. Flexible; d. Contingent	1
4	_____ is considered a major element of the political environment: a. The extent and nature of government intervention in business; b. planned outlay in public and private sectors; c. Expectations from the work force; d. Administrative order issued by government authorities.	1
5	Name the step in the process of planning which is considered the "real point of decision making".	1
6	_____gives shape to the organisation structure. a) Extent of delegation; b) Span of Management; ;c) No of employees; d) Planning	1
7	Astra Builders has to deliver the flats to its buyers on time. Due to this there is a sudden rush of work. Therefore, the company needs to arrange workers to work at the sites at a short notice. The source of recruitment which may be used by the company to tap the casual vacancy is: a. Direct recruitment; b. Advertisement; c. Recommendation of employees; d. Employment Exchange.	1

8	SCT services CEO RajanGopinath's compensation includes salary, commission and other allowances. The company also pays for his insurance and vacations. Identify one indirect payment being made by the company to the CEO. a.Employer paid Insurance; b. Salary; c. Commission; d. Allowances.	1
9	At Support.com, there is no reward or appreciation for a good suggestion. Thus, the subordinates are not willing to offer any useful suggestions to their superiors. Identify the type of barrier to communication that has been created in the firm due to this. a. Semantic barrier; b. Personal barrier; c. Organisational barrier; d. Psychological barrier	1
10	M.R.Sarthi, the Ex-chairman of Swadesh Ltd, built up his successor before retiring. Following the norms set up by himself, he handed over the reins of the company to the co-founder Mr. Shravan, who had the potential to bring about change in the behaviour of others. Name the concept of management which was the reason why Mr. Sarthi chose Mr. Shravan to be his successor. A. Motivation; B. Leadership; C. Communication; D. Staffing.	1

11	An important project at AMB consultants is running behind schedule by a month. This has upset their clients and might affect the reputation of the company in the long run. No managerial action like assigning more workers, equipment or giving overtime has been able to solve the problem. What managerial action may now be taken by the company to avoid such a situation from arising in the future? A. Revise the schedule; B. Assigning additional workers and equipment to the project; C. Get permission for further overtime work; D. Both B&C.	1
12	A decision to acquire a new & modern plant to upgrade an old one is known as _____decision. a) Financing decision; (b) working capital decision; (c) Investment decision; (d) Dividend decision.	1
13	ABC Ltd. has Debt Equity ratio of 3:1 whereas XYZ Ltd. has Debt Equity ratio of 1:1. Name the advantage ABC Ltd will have over XYZ Ltd, when the rate of interest is lower than the rate of return on investment of the company. (a) Trading on equity; (b) Low risk; (c) Low cost of equity ; (d) Greater flexibility.	1

14	Vikrant joins his father's business of Organic masalas, near Kotgarh in Himachal after completing his MBA. In order to capture a major share of the market, he decided to sell the product in small attractive packages by using the latest packaging technology. His father suggested that they hire financial consultants to estimate the amount of funds that would be required for the purpose & timings when it would be required. The concept being discussed by Vikrant's father, links which financial decision with the investment decision.? a.)Dividend decision ;(b) Financial Planning; (C) capital structure decision; (d) Financing decision.	1
15	Raghav's friend Raman works as a Chartered Accountant in Solutions Ltd. Raman in a meeting with the Board of Directors of the Company came to know that the firm would soon be declaring a Bonus issue which would result in increase in the price of shares. Considering this, Raman advised Raghav to purchase the shares of Solutions Ltd., who acted on his advice and bought the shares before time. Which function of SEBI can control such malpractices? (a) Protective functions; (b) Regulatory functions; (c) Development functions; (d) All the above.	1
16	Large scale production done to reduce the average cost of production is the essence of _____concept of Marketing management. a) Product; b) Selling; c) Production; d) Marketing	1
17	Saumya decided to start a business of selling dress material from her house. She did various online surveys to find out about the preferences of prospective customers. Based on this, she prepared a detailed analysis of the business. She then made important decisions including deciding about the features, quality, packaging, labelling and branding of the dress material. Identify the element of Marketing Mix discussed above. (a)Promotion; (b) Market; (c) Product; (d) Place.	1
18	Tomato Ltd., a food delivery service app has recently faced criticism for the tampering of their product, by their delivery boys. Tomato Ltd. decided to put a hologram seal on the food packets in order to protect the contents from spoilage, leakage, pilferage, damage, along with a tag with a safety warning for the consumers to check the seal. Which concept of marketing discussed above is	1
	performing the important function of communicating with the potential buyer and promoting the sale. (a) Branding; (b) Product designing and development; (c) labelling; (d) packaging.	
19	Asserting oneself to ensure that one gets a fair deal, is the right of a consumer. (True/False)	1

(D)

20	Sheela went to a free eye camp & got her eyes operated for cataract. The surgery was not done properly, due to which she lost her vision. Where can she file a complaint under consumer protection act? (a) At District forum (b)State commission (c) National Commission (d) None of above	1

Section – B

Q.N.	Question	Max marks
21	List any three tasks that Mr. Armstrong needs to do, as a production manager, in his firm, to carry out the plans laid down by the top managers. Or Enumerate the three economic objectives of management.	3
22	"Delegation of authority, undoubtedly empowers an employee to act for his superior, but the superior would still be accountable for the outcome. Explain the elements of delegation of authority discussed above.	3
23	Banwari Lal is a cloth merchant in Karol Bagh. His grandsons are requesting him to let them diversify the business into bridal wear. Banwari Lal has agreed but on the condition that they will follow the function of management he has always followed, which helps an organisation in keeping track of the progress of activities and ensures that the activities conform to the standards set in advance so that the organisational goals are achieved. Name the function of management which Banwari Lal is asking his grandsons to follow. List any two reasons why it is considered an indispensable function of management.	3
24	The Research & Development department of Healthy Production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the company will have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters. a) Identify and briefly explain the promotional tool being discussed above. b) Also explain any two other promotional tool that can be used by the company, apart from the one discussed above.	3

25	Rita Sharma who works as a guard in a school, purchased two shirts for ₹460 each for her son. When she went back home, she realised that the shirt was small in size for her son. She decided to ask for return of money or exchange of the shirt with an appropriate size. But the store owner refused to return the money or exchange the shirt. Rita Sharma was disheartened. Her friend advised her to go to 'Seva Sadan', an autonomous voluntary organisation working for the protection of consumer	3
	welfare. The organisation helped her by explaining to her the legal procedure, as well as educated her about her rights as a consumer and helped her in filing the complaint and getting relief. With the help of the organisation Rita was able to get her money back from the store. Enumerate the rights of a consumer which Rita Sharma was able to exercise with the help of the voluntary organisation.	

Q.N.	Question	Max marks

(D)

Section - C	29	Name and explain with a suitable example the technique of Scientific Management given by Taylor, with the objective of determining the number of workers to be employed for a task. OR Name and explain with a suitable example the technique of Scientific Management given by Taylor to differentiate between the efficient and the inefficient workers.	5

Q.N.	Question	Max marks
26	The Government is considering a pioneer proposal to launch a single debit-cumcredit card to increase the ease and usage for the consumers. The card which will be called the "National Mobility Card" will have unique advantages for making payments in metro, buses, parking and making transactions during visits abroad. After hearing this news, Mega Bank decided to launch a "Mega Mobility Card" on similar lines , so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. In order to improve their performance, they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank. By quoting the lines, identify and explain any two points of importance of understanding Business Environment discussed above.	4
27	Infocom has diversified itself into several product lines: Telecommunications, Engineering, financial services. Each subsidiary is self-sufficient with their-own administrative functions, propagating the belief that people can assume the responsibility for the effective implementation of their decisions and should be given autonomy. This has reduced the need for direct supervision by superiors, has promoted flexibility, initiative and faster decision making. The orders of customers are never delayed, as a result of good policy decisions of top management. (a). Identify and explain any two points of importance of the concept being discussed above. (b). Name and briefly explain a suitable framework for the company within which the managerial and operating task are to be performed.	4
28	State any four factors which affect the determination of the price of the product. OR State the four components of physical distribution?	4

Section – D

30	An Auto Company, Win ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting. The following decisions were taken in the meeting: a) to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year. b) to change the criteria for choosing vendors for procuring supplies; c) to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management. What are standing plans and single use plans? Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines.	5
31	What is meant by Capital Budgeting? State any four factors affecting fixed capital requirement of a firm. OR Enumerate any five points of importance of financial planning.	5

Section - E

Q.N.	Question	Max marks
32	Ali Mohammad the CEO of Super Ltd believes that human resource is the most important asset of the firm. He believes that no organisation can be successful unless it can fill and keep filled the various positions provided for in the structure with the right kind of people. Identify the function of management being discussed above and state the benefits to the organisation that its proper application in the firm will ensure.	6
33	What is the meaning of Directing? State any four points of importance of Directing as a function of management. OR What is the meaning of motivation? State the features of motivation as an element of Directing.	6

34	Kynaa, a beauty products e-commerce company, is diversifying into men's grooming. It is also tapping the demand for beauty products in the fashion industry and amid professionals such as make-up artists. As it diversifies its online presence, Kynaa is also expanding its physical presence. They have 41 outlets across 18 cities presently and plan to expand to 180 outlets. Each store requires a capital expenditure of 60-80 lakh rupees. The company has decided to raise funds by issuing equity shares but not directly to the public, rather by offering them for sale through brokers. Identify and briefly explain the method of floatation followed by the company. Also name & explain the other methods of floatation that can be used by the company for raising funds from the public, in the primary market.	6
	OR Radhika got 10, 00,000 rupees after selling her parental property which she had got as a gift from her grandmother. Her friend advised her to invest in securities in the stock market. Radhika was unaware of the procedure for the same. Her friend introduced her to a stock broker, who was registered with the National Stock Exchange. Radhika approached the broker. The broker guided her to open a DEMAT account with a Depository, as well as a Bank account. Radhika opened a Bank account & DEMAT account with Exin Bank. (a) Identify the steps in the trading procedure for buying and selling of securities which have been discussed above. (b) State the next four steps of the trading procedure.	

Business Studies Class 12 (2019-20)

Marking Scheme

1. c). both science and art.
2. Coordination.
3. a). Applicable only in large firms.
4. a). The extent and nature of government intervention in business 5. b). Selecting an alternative
6. b). Span of management.
7. a). Direct recruitment
8. a). Employer paid Insurance
9. b). Personal barrier
10. B) Leadership
11. A) Revise the schedule 12.c) Investment decision 13 a). Trading on equity.

14 d) Financing decision

15 a). Protective function

16 C). Production

17 c) Product 18 c) labelling

19 False

20. d) None of the above.
21. Following are the tasks that Mr. Armstrong needs to perform as a production manager in his firm to carry out the plans laid down by the Top managers: (Any three) i. Interpret the policies framed by top management.

ii. Ensure that the production department has the necessary personnel.

iii. Assign necessary duties and responsibilities to them. iv. Motivate them to achieve the desired objectives.

v. Cooperate with other departments for the smooth functioning of the organization.

OR

Following are the economic objectives of management

1) Survival
2) Profit

(D)

3) Growth. (3marks)

22 Three elements of delegation are-

1. Authority- Right of an individual to command his subordinates & to take action within the scope of his position. It is right to take decisions inherent in a job position.
2. Responsibility- it is the obligation of subordinate to properly perform the assigned duty. It arises from superior subordinate relationship. It flows upwards.
3. Accountability implies being answerable for the final outcome, i.e. subordinate will be answerable to superior for satisfactory performance of work.

(1/2 mark for heading and ½ mark for explanation) (1x3 =3)

23. Controlling. (1 mark)

It is considered an indispensable function of management because of the following reasons (Any two):

i. Accomplishing organizational goals.

ii. Judging accuracy of standards. iii. Making efficient use of resources. iv. Improving employee motivation. v. Ensuring order and discipline.

vi. Facilitating coordination in action. (1x2=2)

24. a) Public relations- It involves variety of activities designed to promote or protect company's image & its individual products in the eyes of public. (1/2 mark for identification and ½ mark for explanation) (1 mark)

b) Any two of the following are the promotional tools which may also be used: i) Advertising ii) Personal Selling iii) Sales promotion (1/2 mark for heading and ½ mark for explanation) (1x2 = 2)

25. a. Right to be heard

b. Right to seek redressal

c. Right to consumer education (1x3=3)

26. Following are the points of importance of understanding Business Environment discussed: (Any two) 1. "Improve existing card facility--------"- It helps the firm in identifying threat and early warning signal."

2. "Exploit opportunity arising-------" – It helps to identify opportunities and get first mover advantage.
3. "Improve their performance---"- It helps in improving performance.
4. "Planned to hire more-----guidelines to train sales force" –It helps in assisting in planning and policy formulation.

(1/2 mark for quoting, ½ mark for identification, 1 mark for explanation) (2x2=4)

27. a). Importance of Decentralisation are- (Any two)

(D)

1. Develops initiative among subordinate- It helps to promote- self-reliance & confidence among subordinates.
2. Develops managerial talent for the future- Decentralisation gives subordinates a chance to prove their abilities & creates a reservoir of qualified workforce.
3. Quick decision making- Since decisions are taken at the points of action. Therefore, no approval of superiors & leads to quick decision making.
4. Relief to top management- Decentralisation diminishes the amount of direct supervision exercised by superior over his subordinates because they are given freedom to act within the limits set by top management & top management can concentrate on important policies.

(1/2 mark for identification and 1 ½ mark for explanation) (2x2=4)

b). Divisional structure- In a divisional structure, the organisation structure comprises of separate business units or divisions. Each division is self-contained as it develops expertise in all functions related to a product line

(1/2 mark for naming and ½ mark for explanation)

28- Factors affecting price determination-(any four)

1. Product cost- One of the most important factors affecting the price is its cost. It includes cost of producing, distributing & selling the product.
2. Utility& Demand- The product cost set the lower limit of price, the utility provided by the product &intensity of demand of product sets the highest price of the product.
3. Extent of competition in the market- when firm does not face any competition it has complete freedom in fixing up the price. But when competition is more the price of the product is fixed keeping in mind the competitor's price.
4. Government regulations- In order to protect the interests of the consumers government has all rights to control prices of important commodities & services.
5. Marketing methods used- The price of product is also affected by the methods & techniques used to promote the product.
6. Pricing objectives- Apart from profit maximization other objectives are-
   a. Obtaining market share leadership-If firm wants to capture big share of market it has to keep its price low.
   b. Surviving in competitive market- To survive in a competitive market the firm has to offer discounts.
   c. Attaining product quality leadership- Generally high prices are charged to cover cost of R&D.

(1 mark for each statement) (1x4=4)

OR

The following are the components of physical distribution:

(D)

1. Transportation is the means of carrying goods and raw material from the point of production to the point of sale.
2. Warehousing refers to the act of storing and assorting products in order to create time utility in them.
3. Inventory Control- A very important decision in respect of inventory is deciding the level of inventory.
4. Order Processing- A good physical distribution system should provide for an accurate and speedy processing of orders.

(1 mark for each statement) (1x4=4)

29. Time Study- It determines the standard time taken to perform a well-defined job. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of task, the cycle time of operation and time measurement costs.

For example- On the basis of several observations it is determined that standard time taken by the worker to make one cardboard box is 20 minutes. So in one hour she/he will make 3 boxes. Assuming that a worker has to put in 8 hours of work in a shift and deducting one hour for rest and lunch, it is determined that in 7 hours a worker makes 21 boxes @ 3 boxes per hour. Now this is the standard task a worker has to do. Wages can be decided accordingly.

(1 mark for naming and 4 marks for explanation)

OR

Differential Piece Wage System- The standard time and other parameters should be determined on the basis of the work study discussed above. The workers can be classified as efficient and inefficient on the basis of these standards. He wanted to reward the efficient workers. So he introduced different rate of wage payment for those who performed above standard and for those who performed below standard. For example- it is determined that standard output per worker per day is 10 units and those who made standard or more than standard will get Rs. 50 per unit and those below will get Rs. 40 per unit. Now an efficient worker making 11 units will get 11x50= Rs. 550 per day whereas, a worker who makes 9 units will get 9x40= Rs. 360 per day. According to Taylor, the difference of Rs. 190 should be enough for the inefficient worker to be motivated to perform better.

(1 mark for naming and 4 marks for explanation)

30. Standing plans are used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. (1 mark)

Single use plans- A single use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in the future.. (1 mark)

The following type of plans discussed above are classified as standing plans:

i. "changing the vendors……."- Policy is a general statement that guides thinking or channelizes energies towards a particular direction.
ii. "Seminar for higher levels……supervisory management"- Method provides the prescribed ways or manner in which a task has to be performed considering the objective.

(D)

iii. "Attending the meeting not discretion---------- penalty"- Rules are specific statements that inform what is to be done. (1/2 mark for quoting; ½ mark for explaining) (1x3=3)

31. Meaning- Decision to invest in fixed assets are known as capital budgeting decision. (1 mark)

Factors affecting fixed capital requirement- (Any four)

1. Nature of business- The type of business has a bearing upon the fixed capital requirement.
2. Scale of operation- A larger organization requires higher investment in fixed capital.
3. Choice of technique- A capital intensive organization requires higher investment in plant and machinery.
4. Technology upgradation- Such organisations which use assets which are prone to obsolescence require higher fixed capital.
5. Growth prospects-Higher growth of an organization generally requires higher investment in fixed assets.
6. Diversification- With diversification the fixed capital requirements increase.
7. Financing alternatives- Availability of leasing facility may reduce the funds required to be invested in fixed assets.
8. Level of collaboration- Collaboration reduces the level of investment in fixed assets.

(1 mark for each statement) (1x4=4)

OR

Importance of financial planning: (Any five)

1. It helps in forecasting what may happen in the future.
2. It helps in avoiding business shocks and surprises.
3. It helps in coordinating various business functions.
4. Reduce wastage, duplication of efforts.
5. It links present with the future.
6. It provides link between investment and financing decision.
7. It makes measurement of actual performance easier.

(1 mark for each statement) (1x5=5)

32. Staffing (1 mark)

Proper staffing ensures the following benefits to the organization-

(i) helps in discovering and obtaining competent personnel for various jobs;

(ii) makes for higher performance, by putting right person on the right job;

(iii) ensures the continuous survival and growth of the enterprise through the succession planning for managers;

(iv) helps to ensure optimum utilisation of the human resources. By avoiding overmanning, it prevents under-utilisation of personnel and high labour costs. At the same time it avoids disruption of work by indicating in advance the shortages of personnel; and

(v) improves job satisfaction and morale of employees through objective assessment and fair rewarding of their contribution.

(D)

(1 mark for each statement)

33. Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. (2 mark)

The points of importance of directing are any four:-

(i) Directing helps to initiate action by people in the organisation towards attainment of desired objectives.

(ii) Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organisational performance. Thus, it ensures that the individuals work for organisational goals.

(iii) Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership

(iv) Directing facilitates introduction of needed changes in the organisation.

(v) Effective directing helps to bring stability and balance in the organisation since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments.

(1 mark for each statement)

OR

Motivation- Motivation means incitement or inducement to act or move. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals. (2 mark)

Features of motivation-

1. It is an internal feeling.
2. It produces goal directed behavior.
3. It can be either positive or negative.
4. It is a complex process.

(1 mark for each statement)

34. Method of floatation used is offer for sale- In this method securities are not offered directly to the public but are offered for sale through intermediaries like stock brokers. (1 mark for identification and 1½ mark for explanation)

Other methods are-

1. Offer through prospectus- This method involves inviting subscription from public through prospectus. The issue may be underwritten & has to be listed with one stock exchange.
2. E-IPO-A company proposing to issue capital to the public through online system of stock exchange.

(1/2 mark for naming and 1 and ½ mark for explanation)

OR

a. The steps discussed in above para are-

1. Selection of broker- The buying & selling can be through SEBI broker. The first step is to select a broker who will buy/sell securities on behalf of investor. 2. Opening DEMAT account with a depository participant. (1x2=2)

b. The next four steps of the trading procedure:

1. Placing an order- Investor places an order with the broker to buy or sell shares. Brokers go ahead with the deal & order confirmation slip is issued to the investor by the broker.
2. Match the order- The broker will go online& match the share & the price.
3. Executing order- When the shares can be bought & sold at the price mentioned it will be communicated to the broker terminal & order will be executed electronically. The broker will issue trade confirmation slip to investor.
4. Issue of contract note- After the trade has been executed within 24 hours the broker issues contract note. It contains details regarding no. & price of shares. (1 mark for each statement)

General Instructions :

Read the following instructions very carefully and strictly follow them :

(i) *This question paper comprises **five** sections **A, B, C, D** and **E**. There are **34** questions in the question paper. **All** questions are **compulsory**.*

(ii) ***Section A** – Question nos. **1** to **20** are very short answer type questions, carrying **1** mark each.*

(D)

(iii) ***Section B*** *– Question nos.* ***21*** *to* ***25*** *are short answer type I questions, carrying* ***3*** *marks each.*

(iv) ***Section C*** *– Question nos.* ***26*** *to* ***28*** *are short answer type II questions, carrying* ***4*** *marks each.*

(v) ***Section D*** *– Question nos.* ***29*** *to* ***31*** *are long answer type I questions, carrying* ***5*** *marks each.*

(vi) ***Section E*** *– Question nos.* ***32*** *to* ***34*** *are long answer type II questions, carrying* ***6*** *marks each.*

(vii) *Answers should be brief and to the point.*

(viii) *There is no overall choice in the question paper. However, an internal choice has been provided in* ***one*** *question of* ***3*** *marks,* ***one*** *question of* ***4*** *marks,* ***three*** *questions of* ***5*** *marks and* ***two*** *questions of* ***6*** *marks. Only one of the choices in such questions have to be attempted.*

SECTION A

1. The objective of management which consistently creates economic value for various constituents of society is : *1*

(A) Organisational objective

(B) Social objective

(C) Personal objective

(D) Both Social and Personal objective

2. Which of the following is a component of economic environment ? *1*

(A) Concern with quality of life

(B) Rates of saving and investment

(C) Extent of government intervention in business

(D) Birth and death rates

1

3. The principles of management are said to be flexible as :

(A) they aim at influencing behaviour of human beings.

(B) they are general guidelines to action, but do not provide readymade solutions to management problems.

(C) they can be modified by the manager when the situation so demands.

(D) their application is dependent upon the prevailing situation at a particular point of time.

4. State, giving reason, whether the following statement is *true* or *false* : *1*

''A rule is the prescribed way or manner in which a task has to be performed considering the objective.''

5. Which of the following is ***not*** a step in the process of planning ? *1* (A) Making assumptions about the future.

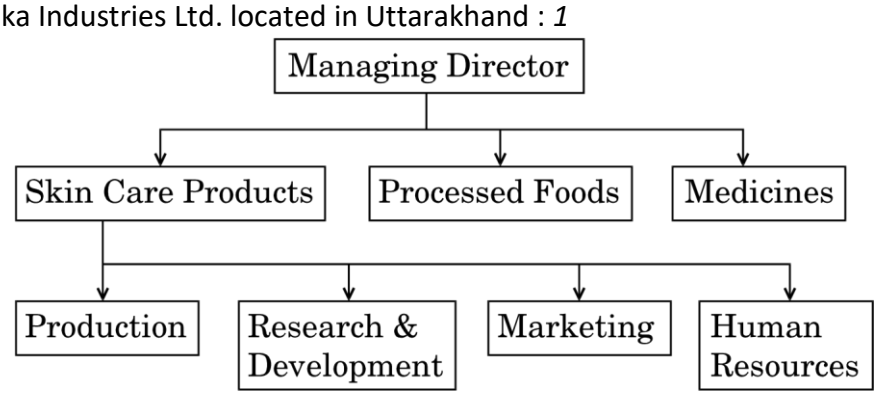
(B) Evaluating different proposals in light of the objectives to be achieved.

(C) Allocation of jobs to members of each department.

(D) Seeing whether activities are performed as per schedule or not .

6. For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____ . *1*

7. Identify the type of organisation structure from the organisational chart given below of Swastika Industries Ltd. located in Uttarakhand : *1*



8. Which statement is ***not*** correct, with respect to 'Organisation Structure' ? *1* (A) Ensures coordination among human and physical resources.

(B) Ensures smooth flow of communication.

(C) Specifies relationship between people, work and resources.

(D)

9. Using external sources for filling vacant positions : (i) Gives a wider choice.

(ii) Simplifies the process of selection.

(iii) Instils a competitive spirit among the existing employees.

(iv) Does not infuse fresh talent in the organisation.

Choose the correct option from the following :

(A) (i) and (ii)

(B) (i) and (iii)

(C) (i), (iii) and (iv)

(D) (ii) and (iv)

10. _____ test is a measure of an individual's potential for learning new skills. *1*

(A) Personality

(B) Aptitude

(C) Intelligence

(D) Interest

11. State the objective of financial management. *1*

12. Organisations which choose to diversify their operations require _____ fixed capital. (more/less) *1*

13. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc.

It has now decided to open two new branches in other parts of Bengaluru.

Which financial decision has been discussed in the above case ? *1*

(A) Long-term investment decision

(B) Short-term investment decision

(C) Dividend decision

(D) Financing decision

14. The process of classification of products into different groups on the basis of their important characteristics refers to which of the following marketing functions ? *1*

(A) Grading

Standardisation

Product designing

Marketing planning

15. While the product _____ sets the lower limit of the price, the utility provided by the product sets the upper limit of price, which a buyer would be prepared to pay. *1*

16. State, giving reason, whether the following statement is true or false : *1*

''Advertising refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product.''

17. Who among the following is ***not*** considered a consumer under the Consumer Protection Act, 1986 ? *1*

(A) A person who buys any goods for a consideration which has been paid.

(B) A person who avails of any service for a consideration which has been promised.

(C) A person who avails of a service for a commercial purpose.

(D) Any user of goods when such use is made with the approval of the buyer.

18. Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned : *1*

''If you are not satisfied with the product quality, write to our Customer Care Cell at

Bell Foods Pvt. Ltd.

B/321, Jalandhar, Punjab.''

The biscuit company has set up its own consumer service and grievance cell to promote and protect the following right :

(A) Right to Safety

(B) Right to be Heard

(C) Right to be Informed

(D) Right to Consumer Education

19. The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving.

The function performed by the label in the above case is : *1*

(A) Describing the product and specifies its contents.

Identification of the product or brand.

Helping in promotion of products.

20. Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order.

He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. These functions are performed by all managers at all times.

The feature of management highlighted above is : *1*

(A) Management is a continuous process.

(B) Management is pervasive.

(C) Management is dynamic.

(D) Management is a group activity.

SECTION B

21. Vaibhav Sharma was working as the Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive Officer (CEO) of the company was scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to the organisational interest over his personal interest.

Name and explain the principle of management being followed by Vaibhav Sharma in the above case. *3*

22. Explain the following as significance of 'organising' function of management : *3*

(a) Benefits of specialisation

(b) Clarity in working relationships

(c) Development of personnel

OR

Explain the following types of plans : *3*

(a) Objectives

(b) Strategy

23. Explain the following steps in the process of staffing : *3*

(a) Performance Appraisal

(b) Promotion and Career Planning

(c) Compensation *3*

25.

3

24. Currently, the banking sector in the Indian economy is facing lots of problems. The rates of interest that banks are paying on deposits have sharply decreased; as a result banks are able to collect lesser amounts of deposits.

Due to the policies of the Reserve Bank of India, lending rates have also decreased. The automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining.

Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, short-term instrument which could be purchased by corporations, companies and individuals.

(a) Identify and explain the money market instrument used by 'The Oberoi Bank Ltd.' to raise funds.

(b) Also explain the money market instrument used by the banks to maintain Cash Reserve Ratio. *3*

25. 'Stay Fit', a probiotic drink was launched in the market by Dabal India Ltd. and is available in various cities across the country. Doctors are recommending it as it is very useful for the stomach. The company is also using various tools to inform and persuade customers about its product.

It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future.

The company has also appointed a large number of salespersons, who contact the prospective buyers and communicate with them to make sales. This way, the company is able to develop personal rapport with its customers.

In order to create awareness and to increase its popularity among school children, it also organises workshops for students and teachers. It also arranged visits of students and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive image of its product in the society. This way the company is using a combination of communication tools to inform and persuade customers about their firm's product.

Identify and explain these tools. *3*

4

SECTION C

26. The Government of India, in an effort to eliminate plastic waste, imposed a nationwide ban on single-use plastic. The ban would most likely target plastic cutlery, straws, cups and glasses.

As a result of this ban, the businesses have been forced to change their practices. 'Viman Airlines' decided to stop giving small water bottles on its flights.

Various firms have come up in the country that are making biodegradable plastic out of starch, wheat hay or petrochemicals. Thus competition in this upcoming industry is immense.

Businesses are also focusing on developing techniques to produce alternatives for plastic bags. 'Carlos Technologies Ltd.', a leading engineering company, has planned to design and deliver hi-tech machines that can scale up production of bags made from newspaper to replace plastic bags. Many companies are placing orders for such machines. This has added challenges before smaller firms making paper bags.

In various enterprises, employees are being trained to operate such hi-tech machines. This will provide human resource with higher competence.

Customers have also become more demanding due to increased awareness and are forcing sellers to adopt bags which are not made of plastic.

Identify and explain the impact of the above Government policy on Business and Industry. *4*

27. Alka is working in the Accounts Department of 'Modern Locks Ltd'. Her mother is not well and to attend to her she wanted to take leave for one week.

For this, she went to the Senior Accountant, Manoj and discussed her problem. At that time Manoj was simultaneously checking the Balance Sheet of the company. Since his mind was preoccupied in some work, he did not listen to Alka attentively and could not understand her problem.

Alka was quite disappointed with the behaviour of Manoj.

(a) Identify the type of communication barrier discussed above.

(b) Also explain any three barriers of the same type. *4*

1+2+2=5

AWdm

28. Explain any four methods of floatation of new issues in the primary market. *4*

OR

Explain any four factors affecting 'Dividend decision'. *4*

SECTION D

29. Explain any five characteristics of coordination. *5*

OR

Is management a profession ? Explain. *5*

30. State any five benefits of training to the organisation. *5* **OR**

State any five duties that are performed by the human resource personnel. *5*

31. Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokaro.

Currently it produces about three million tonnes of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is

estimated that it will require < 1,800 crore of fixed capital and < 200 crore of working capital.

To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of < 2,000 crore. Presently the capital structure is comprising of equity only. The Finance Manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures.

(a) Is it justified to raise funds by issuing debentures ? Give reason in support of your answer.

(b) Explain the impact of issue of debentures on the risk faced by the company.

(c) Explain the impact of 'cost of debt' and 'cost of equity' on the capital structure of the company. *1+2+2=5*

OR

From last many years, in the month of November, due to sudden rise in the pollution levels in Delhi and other parts of northern India, there has been an increase in the demand for air purifiers.

Inderprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. In order to increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production cycle of the product is short.

Identify and state any two factors that 'Inderprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements. Also state three other factors which should be kept in mind while deciding the working capital requirements of a company. *5*

SECTION E

32. InfoMed Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work in India – 2019' and is the most sought after by job-seekers.

In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified.

During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation.

(a) Identify and explain the types of organisation being discussed in the above case.

(b) State two advantages of each type of the organisation identified in (a) above which have not been discussed in the above para. *6*

OR

6

'Good Looks Ltd.' are the manufacturers of cosmetics. The company enjoyed a pre-eminent position in the business and has grown in size. Till recently the company had been doing good business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India Ltd.' as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to

the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable and resourceful and can assume the responsibility of effective implementation of their decisions.

(a) Identify and give the meaning of the concept based on which 'Structures Consultants India Ltd.' gave their recommendations to 'Good Looks Ltd.'.

(b) Explain any four points of importance of the concept identified in (a) above. *6*

33. Give the meaning of 'Controlling'. Explain the steps in the process of controlling. *6*

OR

Give the meaning of 'Directing'. Explain the points that highlight the importance of directing. *6*

6

34. After completing his studies, Mahesh started working in a Non-Governmental Organisation (NGO) as an Administrative Officer. The organisation is engaged in activities related to consumer welfare. One day when his mother returned home after shopping, she gave him the mixed fruit juice which she had bought. After consuming the juice, Mahesh started feeling uneasy. On checking, he found that the juice packet purchased was without FPO mark.

He realised that there is a strong need to educate consumers about the role of NGOs before buying any good or service.

State any six functions which the NGOs can perform to impart knowledge and educate consumers. *6*

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
September -----2020
Marking Scheme---Business Studies (054)
Set No. 66/C/1 General Instructions:

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. Small mistakes in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. Evaluation is a 10-12 days mission for all of us. Hence, it is desired from you too give your best in this process.

2. Evaluation is to be done as per instructions provided in the marking scheme. It should not be done according to one's own interpretation or any other consideration. Marking scheme should be strictly adhered to and religiously followed. However, while evaluating answers which are based on latest information or knowledge and innovative may be assessed and marks be awarded to them.

3. The head examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per instructions given in the marking scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking and encircled.

4. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.

5. If a question does not have any parts marks must be awarded in the left hand margin and encircled.

6. If a student has attempted an extra question ,answer of the question deserving more marks should be retained and other answer scored out

7. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.

8. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.

9. Every examiner should stay full working hours i.e. 8 hours every day and evaluate 25 answer books.

10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be

inflated to 27 simply to pass him/ her.

11. Avoid the following common type of errors committed by the examiners in the pat- Leaving answers or parts thereof unassessed in the answer script.

- Giving more marks for an answer than assigned to it or deviation from the marking scheme.
- Wrong transference of marks from the inside pages of the answer books to the title page.
- Wrong question wise totaling on the title page.
- Wrong totaling of marks of the two columns on the title page.
- Wrong grand total.
- Marks in words and figures not tallying.
- Wrong transference of marks from answer books to award list.
- Answer marked as correct but marks not awarded.
- Half or a part of answer marked correct and the rest as wrong but no marks awarded.

12. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.

13. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.

14. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.

15. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

16. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

66/C/1	66/C/2	66/C/3	MARKING SCHEME COMPTT– SEPTEMBER 2020 BUSINESS STUDIES 66/C/1 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
			SECTION A	
1	4	3	The objective of management which consistently creates economic value for various constituents of society is : (A) Organisational objective (B) Social objective (C) Personal objective (D) Both Social and Personal objective Ans. (B) Social objective	1 mark

2	1	4	Which of the following is a component of economic environment ? (A) Concern with quality of life (B) Rates of saving and investment (C) Extent of government intervention in business (D) Birth and death rates Ans. (B) Rates of saving and investment	1 mark

3	2	5	The principles of management are said to be flexible as : (A) they aim at influencing behaviour of human beings. (B) they are general guidelines to action, but do not provide readymade solutions to management problems. (C) they can be modified by the manager when the situation so demands. (D) their application is dependent upon the prevailing situation at a particular point of time. Ans. (C) they can be modified by the manager when the situation so demands.	1 mark

4	3	1	State, giving reason, whether the following statement is true or false : ‘‘A rule is the prescribed way or manner in which a task has to be performed considering the objective.’’ Ans. The statement is false. Reason: A method is the prescribed way or manner in which a task has to be performed considering the objective. OR A rule is a specific statement that specifies clearly what is to be done or not to be done.	½ + ½ =1 mark

5	6	2	Which of the following is not a step in the process of planning ? (A) Making assumptions about the future. (B) Evaluating different proposals in light of the objectives to be achieved. (C) Allocation of jobs to members of each department. (D) Seeing whether activities are performed as per schedule or not . Ans. (C) Allocation of jobs to members of each department.	1 mark
6	9	7	For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____ . Ans. Responsibility	1 mark

7	5	6	Identify the type of organisation structure from the organisational chart given below of Swastika Industries Ltd. located in Uttarakhand : Ans. Divisional Structure	1 mark
8	7	9	Which statement is not correct, with	
			respect to 'Organisation Structure' ? (A) Ensures coordination among human and physical resources. (B) Ensures smooth flow of communication. (C) Specifies relationship between people, work and resources. (D) Establishes standards for controlling. Ans. (D) Establishes standards for controlling.	1 mark

9	8	10	Using external sources for filling vacant positions: (i) Gives a wider choice. (ii) Simplifies the process of selection. (iii) Instils a competitive spirit among the existing employees. (iv) Does not infuse fresh talent in the organisation. Choose the correct option from the following : (A) (i) and (ii) (B) (i) and (iii) (C) (i), (iii) and (iv) (D) (ii) and (iv) Ans. (B) (i) and (iii)	1 mark
10	12	8	_____ test is a measure of an	

			individual's potential for learning new skills. (A) Personality (B) Aptitude (C) Intelligence (D) Interest Ans. (B) Aptitude	1 mark
11	10	13	State the objective of financial management. Ans. The objective of financial management is to maximise shareholders wealth by maximization of the current market price of equity shares of the company.	1 mark
12	13	11	Organisations which choose to diversify their operations require _____ fixed capital. (more/less) Ans. More	1 mark

13	11	15	‘Temptations’ is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like ‘Paneer Wrap’,	

			‘Chickpeas Salad’, ‘Grilled Sandwiches’, etc. It has now decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed in the above case ? (A) Long-term investment decision (B) Short-term investment decision (C) Dividend decision (D) Financing decision Ans. (A) Long-term investment decision	1 mark

14	17	12	The process of classification of products into different groups on the basis of their important characteristics refers to which of the following marketing functions ? (A) Grading (B) Standardisation (C) Product designing (D) Marketing planning Ans. (A) Grading	1 mark
15	14	14	While the product _____ sets the lower limit of the price, the utility provided by the product sets the upper limit of price, which a buyer would be prepared to pay.	1 mark

			Ans. Cost	

16	15	17	State, giving reason, whether the following statement is true or false : ‘‘Advertising refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product.’’ Ans. The statement is false. Reason: Sales Promotion refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product. OR Advertising refers to an impersonal form of communication, which is paid for by the marketer to promote their products.	½ + ½ =1 mark
17	19	16	Who among the following is not considered a consumer under the Consumer Protection Act, 1986 ? (A) A person who buys any goods for a consideration which has been paid. (B) A person who avails of any service for a consideration which has been promised. (C) A person who avails of a service for a commercial purpose.	

			(D) Any user of goods when such use is made with the approval of the buyer. Ans. (C) A person who avails of a service for a commercial purpose.	1 mark
18	16	20	Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned : ‘‘If you are not satisfied with the product quality, write to our Customer Care Cell at Bell Foods Pvt. Ltd. B/321, Jalandhar, Punjab.’’ The biscuit company has set up its own consumer service and grievance cell to promote and protect the following right : (A) Right to Safety (B) Right to be Heard (C) Right to be Informed (D) Right to Consumer Education Ans. (B) Right to be Heard	1 mark

19	20	18	The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving. The function performed by the label in	
			the above case is : (A) Describing the product and specifies its contents. (B) Identification of the product or brand. (C) Helping in promotion of products. (D) Providing information required by law. Ans. (A) Describing the product and specifies its contents.	1 mark

20	18	19	Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order. He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. These functions are performed by all managers at all times. The feature of management highlighted above is : (A) Management is a continuous process. (B) Management is pervasive. (C) Management is dynamic. (D) Management is a group activity. Ans. (A) Management is a continuous	1 mark

			process.	
			SECTION B	

21	23	23	Vaibhav Sharma was working as the Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive Officer (CEO) of the company was scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to the organisational interest over his personal interest. Name and explain the principle of management being followed by Vaibhav Sharma in the above case. Ans. <u>Subordination of individual interest to General Interest</u> • This principle states that the interests of an organization should take priority over the interests of any one individual employee. • This is so because larger interests of	1 mark for naming the principle + 2 marks for explanation =3 marks

			the workers and stakeholders are more important than the interest of any one person.	

22	-	-	Explain the following as significance of 'organising' function of management : (a) Benefits of specialisation (b) Clarity in working relationships (c) Development of personnel Ans. <u>Significance of 'organising' function of Management</u> (a) Benefits of specialization • Organising leads to a systematic allocation of jobs amongst the work force. • Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation. (b) Clarity in working relationships • The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. • This removes ambiguity in transfer of information and instructions.	1 + 1 + 1 =3 marks

			(c) Development of personnel • Effective delegation allows the managers to reduce their workload and explore areas for growth. • It also develops in the subordinate the ability to deal effectively with challenges and helps them to realise their full potential. OR Explain the following types of plans : (a) Objectives (b) Strategy Ans. (a) Objectives • Objectives are the ends which the management seeks to achieve by its operations. • Objectives need to be expressed in specific terms i.e., they should be measurable in quantitative terms. • They are in the form of a written statement of desired results to be achieved within a given time period. (b) Strategy □ A strategy is a comprehensive plan for accomplishing an organization objectives,	OR 1 ½ + 1 ½

			taking business environment into consideration. • A strategy provides the broad contours of an organisation's business. • It will also refer to future decisions defining the organisation's direction and scope in the long run.	=3 marks

23	21	24	Explain the following steps in the process of staffing : (a) Performance Appraisal (b) Promotion and Career Planning (c) Compensation Ans. <u>Steps in the process of staffing</u> : (a) Performance Appraisal • Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. • It also includes providing feedback to the employee on his/her performance. (b) Promotion and Career Planning • Promotions are an integral part of people's career. They refer to being placed in positions of increased responsibility. • Managers need to design activities to	1 + 1 +

			serve employees' long-term interests. (c) Compensation • Compensation refers to all forms of pay or rewards given to employees. • They may be in the form of direct financial payments and indirect payments.	1 = 3 marks

24	25	21	Currently, the banking sector in the Indian economy is facing lots of problems. The rates of interest that banks are paying on deposits have sharply decreased; as a result banks are able to collect lesser amounts of deposits. Due to the policies of the Reserve Bank of India, lending rates have also decreased. The automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining. Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, shortterm instrument which could be purchased by corporations, companies and individuals.	

			(a) Identify and explain the money market instrument used by 'The Oberoi Bank Ltd.' to raise funds. (b) Also explain the money market instrument used by the banks to maintain Cash Reserve Ratio. Ans. (a) The money market instrument used by 'The Oberoi Bank Ltd.' to raise funds is <u>Certificate of Deposit.</u> • It is an unsecured, negotiable, short-term instruments in bearer form, issued by commercial banks and development financial institutions. • It can be issued to individuals, corporations and companies during periods of tight liquidity. (b) <u>The money market instrument used by the banks to maintain Cash Reserve Ratio is Call Money</u> by which banks borrow from each other for a period of one day to fifteen days.	1 mark for naming the instrument + 1 mark for its explanation + ½ mark for naming the instrument + ½ mark for its explanation =1+1+1 = 3 marks

25	24	25	‘Stay Fit’, a probiotic drink was launched in the market by Dabal India Ltd. and is available in various cities across the country. Doctors are	

			recommending it as it is very useful for the stomach. The company is also using various tools to inform and persuade customers about its product. It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future. The company has also appointed a large number of salespersons, who contact the prospective buyers and communicate with them to make sales. This way, the company is able to develop personal rapport with its customers. In order to create awareness and to increase its popularity among school children, it also organises workshops for students and teachers. It also arranged visits of students and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive image of its product in the society. This way the company is using a combination of communication tools to inform and persuade customers about their firm's product. Identify and explain these tools. Ans. <u>Tools used by the company to inform</u>	½ mark for

			and persuade customers about their product are: (i) Sales Promotion: It refers to short- term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service. (ii) Personal Selling: It involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales. (iii) Public Relations: It involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public.	identifying each tool + ½ mark for its explanation =1 x 3 = 3 marks
			SECTION C	

26	27	27	The Government of India, in an effort to eliminate plastic waste, imposed a nationwide ban on single-use plastic. The ban would most likely target plastic cutlery, straws, cups and glasses. As a result of this ban, the businesses have been forced to change their	

			practices. 'Viman Airlines' decided to stop giving small water bottles on its flights. Various firms have come up in the country that are making biodegradable plastic out of starch, wheat hay or petrochemicals. Thus competition in this upcoming industry is immense. Businesses are also focusing on developing techniques to produce alternatives for plastic bags. 'Carlos Technologies Ltd.', a leading engineering company, has planned to design and deliver hi-tech machines that can scale up production of bags made from newspaper to replace plastic bags. Many companies are placing orders for such machines. This has added challenges before smaller firms making paper bags. In various enterprises, employees are being trained to operate such hi-tech machines. This will provide human resource with higher competence. Customers have also become more demanding due to increased awareness and are forcing sellers to adopt bags which are not made of plastic. Identify and explain the impact of the above Government policy on Business and Industry.	½ mark for Identifying the impact

			Ans. The impact of the above Government policy on Business and Industry in the above case are: (i) Necessity for change (ii) Increasing competition (iii) Need for developing human resource (iv) Rapidly changing technological Environment	+ ½ mark for its explanation = 1 x 4 = 4 marks

27	26	28	Alka is working in the Accounts Department of 'Modern Locks Ltd'. Her mother is not well and to attend to her she wanted to take leave for one week. For this, she went to the Senior Accountant, Manoj and discussed her problem. At that time Manoj was simultaneously checking the Balance Sheet of the company. Since his mind was preoccupied in some work, he did not listen to Alka attentively and could not understand her problem. Alka was quite disappointed with the behaviour of Manoj. (a) Identify the type of communication barrier discussed above. (b) Also explain any three barriers of the same type. Ans.	1 mark for identifying the type of barrier + (½ mark for naming the barrier + ½ mark for its explanation

			(a) The type of communication barrier is Psychological Barrier /Lack of attention. (b) <u>Other Psychological Barriers</u> (i) Premature evaluation (ii) Loss by transmission and poor retention (iii) Distrust	= 1 x 3 = 3 marks) = 1+3 = 4 marks

28	-	-	Explain any four methods of floatation of new issues in the primary market. Ans. <u>Methods of floatation (Any Four)</u>: (i)Offer through Prospectus (ii)Offer for Sale (iii)Private Placement (iv)Rights Issue (v)e-IPOs OR Explain any four factors affecting 'Dividend decision'. <u>Factors affecting 'Dividend decision' (Any Four)</u> (i) Amount of Earnings (ii) Stability of earnings	½ mark for naming the method + ½ mark for its explanation = 1 x 4 =4 marks OR ½ mark for naming the

			(iii) Stability of dividends (iv) Growth Opportunities (v) Cash Flow Position (vi) Shareholders' Preference (vii) Taxation Policy (viii) Stock Market Reactions (ix) Access to capital market (x) Legal Constraints (xi) Contractual Constraints	factor + ½ mark for its explanation = 1 x 4 4 marks
			SECTION D	

29	31	31	Explain any five characteristics of coordination. Ans. <u>Characteristics of coordination</u>(any five): (i) Integrates group efforts (ii) Ensures unity of action (iii) Continuous process: (iv) Pervasive function (v) Responsibility of all managers (vi) Deliberate function OR Is management a profession ? Explain. Ans. Any body of knowledge that qualifies to become a profession must fulfill the	½ mark for naming the characteristic + ½ mark for its explanation = 1 x 5 = 5 marks OR 1 mark

			following features: (i) Well defined body of knowledge (ii) Restricted entry (iii) Professional association (iv) Ethical code of conduct (v) Service motive On the basis of above features, it can be said that <u>all the features of profession are</u> <u>not fully present</u> in management: (i) <u>Well defined body of knowledge:</u> The subject of management is taught at different institutions to provide management education. So, this feature of profession is present in management. (ii) <u>Restricted entry</u> There is no restriction on anyone being appointed as a manager in any business enterprise. So, presently this feature of profession is not present in management. (ii) <u>Professional association</u> There are several associations of practising managers in India, like the AIMA, that have	+ 1 mark for each feature <u>not fully present</u> in management = 1 x 4 = 4 marks

			laid down a code of conduct to regulate the activities of their members, but, there is,	

			however, no compulsion for managers to be members of such associations. So, presently this feature of profession is not fully present in management (iii) <u>Ethical code of conduct</u> AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code. So, presently this feature of profession is not fully present in management. (iv) <u>Service motive</u> The basic purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby, serving the society, is being increasingly recognised. So, presently this feature of profession is not fully present in management. It can be concluded that <u>management is not a full fledged profession.</u>	=1 +4 = 5 marks

30	-	-	State any five benefits of training to the organisation. Ans. Benefits of Training to the organisation. (i) Training is systematic learning. It is	

			always better than hit and trial methods that lead to wastage of efforts and money. (ii) Training <u>equips the future manager</u> who can take over in case of emergency. (iii) Training <u>increases employee morale</u> and reduces absenteeism and employee turnover. (iv) It <u>enhances employee productivity</u> both in terms of quantity and quality, leading to higher profits. (v) It helps in obtaining <u>effective response to fast changing environment</u> – technological and economic. (If an examinee has given only the headings, ½ mark for each heading should be awarded.) OR State any five duties that are performed by the human resource personnel. <u>Duties performed by the Human Resource</u>	1 x 5 =5 marks OR

			<u>Personnel (Any five):</u> (i) Recruitment: It means searching for qualified people and stimulating them to apply for jobs in the organisation. (ii) Job Description: It includes analysing jobs and collecting information about them to prepare job descriptions. (iii) Compensation: It involves developing compensation and incentive plans given to employees to reward performance. (iv) Training and Development: It involves designing programmes aimed at improving performance of employees and their career growth. (v) Labour Relations: It is the duty of Human Resource Personnel to maintain labour relations and union management relations. (vi) Grievances: Human Resource	1 x 5 =5 marks

			Personnel also handle grievances and complaints of employees related to the organisation.	

			(vii) Welfare of employees: Human Resource Personnel also look into welfare of employees and providing for social security. (viii) Legal matters: They are also involved in defending the company in law suits and avoiding legal complications. (If an examinee has given only the headings, ½ mark for each heading should be awarded.)	

31	29	29	Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokaro. Currently it produces about three million tonnes of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require 1,800 crore of fixed capital and < 200 crore of working capital. To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of < 2,000 crore. Presently the capital	

			structure is comprising of equity only. The Finance Manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures. (a) Is it justified to raise funds by issuing debentures ? Give reason in support of your answer. (b) Explain the impact of issue of debentures on the risk faced by the company. (c) Explain the impact of 'cost of debt' and 'cost of equity' on the capital structure of the company Ans. (a) <u>Yes, it is justified</u> to raise funds by issuing debentures. Reason: (Any one) (i) During a bearish phase in the capital market, a company may find raising of equity capital more difficult and it may opt for debt. (ii) It will help to lower the overall cost of capital. (iii)It will help to reduce the tax liability.	½ mark + ½ mark +

			(b)The issue of debentures will <u>increase the financial risk</u> faced by the company as the payment of interest and the return of principle is obligatory for the business. Any default in meeting these commitments may force the business to go into liquidation. (c) <u>Impact of 'cost of debt' on the capital structure of the company</u>: More debt can be used in the capital structure if debt can be raised at a lower rate. <u>Impact of 'cost of equity' on the capital structure of the company:</u> When a company increases debt, the financial risk faced by the equity shareholders increases. Consequently, their desired rate of return may increase due to which cost of capital will increase. OR From last many years, in the month of November, due to sudden rise in the pollution levels in Delhi and other parts	2 marks + 1 mark + 1 mark = 5 marks OR

			of northern India, there has been an increase in the demand for air purifiers. Inderprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. In order to increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production cycle of the product is short. Identify and state any two factors that 'Inderprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements. Also state three other factors which should be kept in mind while deciding the working capital requirements of a company. Ans. <u>Factors that 'Inderprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements: (Any two)</u> (i) Seasonal Factor: Peak season requires higher working capital than lean season due to higher level of activity.	½ mark for identifying each factor + ½ mark for its explanation 1 x 2 = 2 marks

			(ii) Level of competition: Higher competition requires larger stocks to meet urgent orders , thus, higher working capital is required. (iii) Credit Allowed : A liberal credit policy results in higher level amount of debtors, increasing the requirements of working capital. (iv) Production cycle: Shorter the production cycle, lower is the amount of working capital. <u>Other factors affecting working capital requirements of a company</u>: (Any three) (i) Nature of Business: A manufacturing business requires more working capital than a trading business since raw material is converted into finished goods. (ii) Business Cycle: In case of boom, larger working capital is required as production and sales are more in comparison to depression phase.	+ ½ mark for identifying each factor + ½ mark for its explanation =1 x 3 = 3 marks

			(iii)Operating efficiency: Operating	

			efficiency reduces the levels of inventories and debtors, thereby, reducing working capital requirements. (iv) Availability of raw materials: Easy and continuous availability of raw materials enables the firms to keep lesser stock and work with smaller working capital. (v) Growth prospects: Higher growth prospects will require larger amounts of working capital to meet higher production and sales target. (vi) Inflation: With rising prices, larger amounts are required to maintain a constant volume of production and sales, thus, increasing the need for working capital. (vii) Credit availed: To the extent the firm avails credit on purchases, the working capital requirement is reduced. (viii) Scale of operations: A larger scale organization requires larger amount of working capital as compared to a small scale organisation .	= 2+ 3 = 5 marks

			SECTION E	

32	32	32	InfoMed Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work in India – 2019' and is the most sought after by jobseekers. In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified. During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation. (a) Identify and explain the types of organisation being discussed in the above case. (b) State two advantages of each type of the organisation identified in (a) above which have not been discussed in the above para.	1 mark for identifying each type of

			Ans.(a) Types of organisations: (i) Formal Organistion (ii) Informal Organisation (b) Advantages of Formal Organistion (any two): (i) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined. (ii) <u>Unity of command</u> is maintained through an established chain of command. (iii) It leads to effective <u>accomplishment of goals</u> by providing a framework for the operations to be performed and ensuring that each employee knows the role he has to play. (iv) It provides stability to the <u>organization</u> as behaviour of employees can be fairly predicted since there are specific rules to guide them. <u>Advantages of Informal Organisation</u> (any two):	organization = 1 x 2 =2 marks + 1 x 2 = 2 marks + 1 x 2 = 2 marks = 2+ 2+2 6marks

			(i) Prescribed lines of communication are	

			not followed leading to faster spread of information as well as quick feedback. (ii) It helps to fulfill the social needs of the members and enhances their job satisfaction. (iii) It contributes towards fulfillment of organisational objectives by compensating for inadequacies in the formal organisation. (If an examinee has given only the headings, ½ mark for each heading should be awarded) OR 'Good Looks Ltd.' are the manufacturers of cosmetics. The company enjoyed a pre-eminent position in the business and has grown in size. Till recently the company had been doing good business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher	OR

			management. This has resulted in the concentration of all decision-making	

			process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India Ltd.' as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable and resourceful and can assume the responsibility of effective implementation of their decisions. (a) Identify and give the meaning of the concept based on which 'Structures Consultants India Ltd.' gave their recommendations to 'Good Looks Ltd.'. (b) Explain any four points of importance of the concept identified in (a) above. Ans. (a)<u>Decentralisation:</u> It means delegation of authority throughout all the	1 mark for identifying the concept + 1 mark for the meaning + (½ mark for naming each point of importance + ½ mark for its explanation)

			levels of the organization and is consequently placed nearest to the points of action. (b) <u>Importance of Decentralisation</u> (any four): (i) Develops initiative among subordinates (ii) Develops managerial talent for the future (iii) Quick decision making (iv)Relief to top management (v) Facilitates growth (vi) Better control	= 1+1+(1 x 4) = 6 marks

33	-	-	Give the meaning of 'Controlling'. Explain the steps in the process of controlling. Ans. <u>Meaning of Controlling</u>: Controlling means ensuring that activities in an organisation are performed as per the plans. <u>Steps in Controlling Process</u> (i)Setting performance standards (ii)Measurement of actual performance (iii)Comparison of actual performance with standards (iv)Analysing deviations (v)Taking corrective action	1 mark for the meaning + ½ mark for naming each step + ½ mark for its explanation = 1+ 5 = 6 marks

			OR Give the meaning of ‘Directing’. Explain the points that highlight the importance of directing. Ans. <u>Meaning of Directing</u>: Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. <u>Importance of directing</u> (i) Initiates action (ii) Integrates employees efforts (iii) Guides employees to fully realise their potential (iv) Facilitates introduction of needed changes (v) Brings stability and balance in the organization.	OR 1 mark for the meaning + ½ mark for naming each step + ½ mark for its explanation = 1+ 5 = 6 marks

34	-	-	After completing his studies, Mahesh started working in a Non-Governmental Organisation (NGO) as an Administrative Officer. The organisation is engaged in activities related to consumer welfare. One day when his mother returned home after shopping,	

			she gave him the mixed fruit juice which she had bought. After consuming the juice, Mahesh started feeling uneasy. On checking, he found that the juice packet purchased was without FPO mark. He realised that there is a strong need to educate consumers about the role of NGOs before buying any good or service. State any six functions which the NGOs can perform to impart knowledge and educate consumers. Ans. <u>Functions performed by NGOs to impart knowledge and educate consumers: (Any six)</u> (i) <u>Educating the general public</u> about consumer rights by organising training programmes, seminars and workshops. (ii) <u>Publishing periodicals</u> and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest. (iii) <u>Carrying out comparative testing</u> of consumer products in accredited laboratories to test relative qualities of	1 x 6

			competing brands and publishing the test results for the benefit of consumers. (iv) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers. (v) Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy. (vi) Filing complaints in appropriate consumer courts on behalf of the consumers. (vii) Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	=6 marks

	CLASS XII BUSINESS STUDIES SAMPLE QUESTION PAPER 2020-21 MM – 80 TIME: 3 HOURS	
	General instructions: 1 This question paper contains 34 questions. 2. Marks are indicated against each question. 3. Answer should be brief and to the point. 4. Answers to the questions carrying 3 marks may be from 50 to 75 worlds. 5. Answers to the questions carrying 4 marks may be about 150 worlds. 6. Answers to the questions carrying 6 marks may be about 200 worlds. 7. Attempt all parts of the questions together.	
1.	---------- is the process of dividing work into manageable activities and then grouping the activities which are similar in nature. A. Coordination B. Departmentalisation C. Organisation Structure D. Delegation of authority	1

2.	Even Though the political conditions vary from country to country, they impact the sentiment of an investor in the business, if the instability of the political conditions cause uncertainty and make it difficult for him to predict the future. Which feature of the Business environment is being highlighted in the above statement? A. Specific and general forces B. Dynamic nature C. Relativity D. All the above.	1

3.	"Any one can be called a manager irrespective of the educational qualification possessed." Identify the characteristic of the profession that Management does not fulfil in the statement being discussed above. A. Ethical code of Conduct B. Professional Association C. Restricted Entry D. Service Motive	1
4.	"Even after opening up of the Indian economy in 1991 foreign companies found it extremely difficult to cut through the bureaucratic red tape to get permits for doing business in India, which created a negative impact on business." Identify the dimension of the business environment which led to creation of the negative impact on business. A. Social Environment B. Technological C. Political Environment D. Legal Environment	1

5.	Name the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in a changing environment. A. Management B. Planning C. Organising D. Controlling.	1
6.	"The increase in the demand for many Ayurvedic medicines, Health products and services in the past few months, is related to the need for building immunity and an increased awareness for health care due to the spread of Corona virus." Identify the feature of business environment being described above. A. Specific and general forces B. Interrelatedness C. Relativity D. None of the above	1

7.	Which of the following is not an element of social environment?) A. Birth and Death rate B. Constitution of the country C. Population Shifts D. Life expectancy	1

8.	‘Even where members of a department willingly cooperate and work, a manager has to coordinate the efforts of different people in a conscious manner.’ Identify the characteristic of coordination discussed above. A. Coordination ensures unity of action B. Coordination is a deliberate function C. Coordination is a continuous process D. Coordination is an all-pervasive function	1
9.	Name the function of management which helps in the formulation of future plans, in the light of the problems that were identified and thus, helps in better planning in the future period. A. Planning B. Organising C. Directing D. Controlling	1
10.	Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management. A. Management by control B. Control by exception C. Critical point control D. (a)&(b)	1

11.	_____is the process by which the manager brings order out of chaos, removes conflict among people over work or responsibility sharing and creates an environment suitable for teamwork. A. Planning B. Organising C. Staffing D. Controlling OR ---------- ensures that the heads of separate business units in the organisation are responsible for profit or loss of their unit and have authority over it. A. Span of management B. Divisional Structure C. Functional structure D. Hierarchy of Authority.	1

12. Match the concept of marketing in Column I with their respective definition in Column II 1

COLUMN – I		COLUMN – II	
A)	Product Concept	i.	relates to maintaining high quality of the product
B)	Selling Concept	ii	relates to satisfying customer needs
C)	Marketing Concept	iii.	relates to aggressively persuading buyer to purchase the product

A. i,ii,iii B. ii,i,iii

B. iii,ii,i D. i,iii,ii

OR

In order to get feedback about its recently launched immunity boosting ayurvedic medicine, Atulya limited conducted an online survey using a questionnaire, to gather customer views and opinions. Identify the marketing function being used by Atulya Limited:

A. Standardisation B. Product Designing

C. Customer support service D. Gathering and analyzing market information

	Read the following text and answer question No.13-16 on the basis of the same: ISQAA SOLAR limited is searching options to raise ₹20,000 crores from the primary market for diversification and modernisation of existing projects. It hired the services of a renowned financial consultancy firm, DHAN LAXMI PVT. LTD. for suggesting options for the same. DHAN LAXMI PVT. LTD. suggested a list of options to the Board of Directors of the company. It was decided that for the immediate requirement of ₹1500 crores the company will give a privilege to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. ₹4500 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital. It was further decided to raise capital to the tune of ₹6000 crores through an issuing house. All these options were accepted by the Board of Directors. The Board further decided to raise ₹8,000 crores through the on-line system of the stock exchange by entering into an agreement with the exchange.	1
13.	Identify the method of floatation of new issues in the primary market, not taken up by ISQAA SOLAR LTD. A. Offer for sale B. Rights issue C. E-IPO D. Offer through prospectus	1
14.	"₹4500 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital.'' Identify the method of floatation of new issues in the primary market being discussed above, which the company has decided to use. A. Offer for sale B. Private placement C. Right Issue D. Offer through Prospectus	1
15.	Identify the reason which has made the firm raise funds from the institutional investors. A. It helps to raise funds quickly B. It is not expensive C. Both a & b D. None of the above.	1

16.	How much money was raised by the company through E-IPO's A.₹8000 crores B. ₹4500 crores C. ₹20,000 crores D. ₹6000 crores	1
	Read the following text and answer question No.17-20 on the basis of the same: Yamuna Prasad, a small shopkeeper in Bikaner, Rajasthan used to sell the famous 'Bhujia-Sev'. It was a quick selling product for locals and foreign tourists. His second generation expanded the business and got 'Yamuna Ki Bhujia' registered with concerned authorities. Gradually the brand offered a wide range of products to its customers like namkeen, sweets, bakery items etc. However, 'Bhujia-Sev' remained the most popular product of the brand creating maximum revenue. 'Yamuna Ki Bhujia' offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name. Now it has virtually become a synonym for bhujia-sev in the market, so much so, that people ask for 'Yamuna Ki Bhujia' instead of bhujia-sev. 'Yamuna Ki Bhujia' has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling. Promotion of the brand had always been low profile, till the increase in competition pushed it to hire the services of a professional advertising agency, VIGYAPAN PVT.LTD for promoting the product. On the advice of VIGYAPAN PVT.LTD, 'Yamuna Ki Bhujia' has also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, maintenance of public parks etc.	
17.	'His second generation expanded the business and got 'Yamuna Ki Bhujia' registered with concerned authorities.' With reference to the given text 'Yamuna ki Bhujia' is a _____giving it a legal protection against its use by anyone else. A. Brand value B. Trademark C. Trait mark D. Brand mark	1

18.	‘Yamuna Ki Bhujia’ offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name. Identify the factor affecting the element of marketing mix being discussed above. A. Marketing methods used B. Objectives	1
	C. Extent of competition in the market D. product cost	
19.	‘Yamuna Ki Bhujia’ has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling. Identify the decision related to the element of marketing mix being discussed above. A. Storing and assorting products in order to create time utility B. Regarding the channels or using intermediaries C. Both a & b D. One regarding branding, packaging and labelling	1
20.	On the advice of VIGYAPAN PVT.LTD, ‘Yamuna Ki Bhujia’ has also worked upon managing public opinion by developing relation with the masses through sponsoring cultural and sporting events, maintenance of public parks etc. Name the department in the organisation which is generally responsible for performing the above important task of managing public opinion. A. Marketing Department B. A separate department created in the firm for the purpose C. An outside agency D. Any of the above.	1

21.	Identify the level of management whose basic task is to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation. State any two functions of the level of management identified.	3
22.	Explain 'Internship training' and 'vestibule training' and classify them as on-the-job and off-the-job methods of training.	3

23.	"Controlling is an indispensable function of management. Without controlling the best of plans can go awry ". Do you agree? Explain any two reasons in support of your answer. OR "It is generally believed that measurement of performence should be done after the task is completed." Identify and explain the step in the process of the function of management being discussed above and the step followed by the same in the process.	3
24.	State the development functions of the Securities Exchange Board of India. OR State any three money market instruments.	3
25.	'In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of 'Get My Job' has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process for applying for jobs easier and candidate friendly.' Name and explain the next two steps which follow the step, in the process of the function of management being discussed above.	4

26.	Pramod is a supervisor at 'Shyam Breads and Biscuits Factory'. The factory produces 20,000 packets of bread and biscuits every day. As a supervisor Promod ensures that work goes on smoothly and there is no interruption in production. He is a good leader who gives orders only after consulting his subordinates, working out the policies with the acceptance of the group. Identify and explain the leadership style being adopted by Pramod	4
27	Briefly explain the positive and negative aspects of the type of communication which arises out of the need of employees to exchange their views. OR Identity and explain the elements of directing mentioned below A. Astha, a manager, has the ability to influence others to bring about a change in their behaviour. B. Neeraj, a managing director, declares share in the profits to the manager for their contribution to increase profits of the company.	4

28.	Explain any four factors that can affect the working capital requirement of a company. OR Explain any four factors that affect the choice of capital structure of a company.	4
29.	Dheeraj wants to start a business of selling N-95 masks after the outbreak of the global pandemic of COVID-19. Due to the uncertain market conditions he wants to make a low investment in fixed capital. Suggest how the decisions related to the choice of technique and financing alternatives can help Dheeraj in ensuring a low investment in fixed capital requirements.	4

30.	Explain the following rights of consumers provided by Consumer Protection Act, 1986:- (a) Right to Safety (b) Right to Consumer Education	4
31.	Explain 'Science, not rule of thumb', 'Harmony, not discord', and 'Development of each and every person to his or her greatest efficiency and prosperity' as principles of Scientific Management given by F.W.Taylor.	6
32.	"Planning is worth the huge costs involved?" Do you agree? Explain any four reasons in support of your answer. OR "If the project is important then more alternatives should be generated and thoroughly discussed amongst the members of the organisation." Identify and explain the step in the process of planning being discussed above. Also explain the remaining steps which will have to be carried out to complete the process.	6
33.	An important difference between S&M Ltd and most other companies is that instead of operating as one large corporation it operates as 180 smaller companies each focused on a specific product and area, implying selective dispersal of authority, recognising the decision makers need for autonomy, as decision making authority is pushed down the chain of command. It enables the company to maintain short lines of communication with customers and employees, and accelerate the development of talent. Identify the philosophy that is being followed by S&M Ltd. through which it is dividing the decision-	6
	making responsibilities among the hierarchical levels. State any five points of importance of the philosophy identified.	

34.	‘Advertising’ and ‘Personal selling’ both are communication tools used by the marketers to promote their products. Yet they differ in their approach. Differentiate between the two by giving any six points. OR “The elements of marketing mix are popularly known as 4 P’s of marketing.” Briefly explain these elements.	6

MARKING SCHEME
BUSINESS STUDIES
2020-21

		Marks
1	B. Departmentalisation	1
2	D. All the above	1
3	C. Restricted Entry	1
4	C. Political environment	1
5	A. Management	1
6	B. Interrelatedness	1

7	B. Constitution of the country	1
8	B. Coordination is a deliberate function	1
9	D. Controlling	1
10	B. Control by exception	1
11	B. Organising OR B. Divisional structure	1
12	D. i,iii,ii OR D. Gathering and analyzing market information	1
13	D. Offer through prospectus	1
14	B. Private placement	1
15	C. Both a and b	1
16	A.₹8000 crores	1
17	B. Trademark	1
18	A. Marketing methods used	1
19	B. Regarding the channels or using intermediaries	1
20	D. Any of the above	1

21	Top level management Functions of top-level management:(any two) 1. The top-level managers are responsible for the welfare and survival of the organisation. 2. They analyse the business environment and its implications for the survival of the firm. 3. They formulate overall organisational goals and strategies for their achievement. 4. They are responsible for all the activities of the business and for its impact on society.	1 (1X2) (1 mark for each statement)
22	Internship training- is a joint programme of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period. Vestibule training-Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a class room and employees use the same material, files and equipment. Internship training can be classified as On-the-job method of training Vestibule training can be classified as off-the-job method of training	1 1 1

23	Yes. Importance of controlling: (Any two) 1. Accomplishing organisational goals- The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. 2. Judging accuracy of standards: A good control system enables management to verify whether the standards set are accurate and objective. 3. Making efficient use of resources: By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. 4. Improving employee motivation: A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they are appraised. 5. Ensuring order and discipline: Controlling creates an atmosphere of order and discipline in the organisation. 6. Facilitating coordination in action: Controlling provides direction to all activities and efforts for achieving organisational goals. OR Measurement of Actual performance Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. Wherever possible measurement of work should be done during the performance. Comparing actual performance with standards: This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. Standards become easier when standards are set in quantitative terms.	(1½ x 2) (½ mark for the heading+1 mark for the explanation) (1½ x 2) (½ mark for the heading+1 mark for the explanation)

24	Development Functions of Securities and Exchange Board of India: 1. Training of intermediaries of the securities market. 2. Conducting research and publishing information useful to all market participants. 3. Undertaking measures to develop the capital markets by adapting a flexible approach. OR Money market instruments are: (Any three) 1. Treasury Bill is basically an instrument of short-term borrowing by the Government of India maturing in less than one year. 2. Commercial paper is a short-term unsecured promissory note, negotiable and transferable by e and delivery with a fixed maturity period. 3. Call money is short term finance repayable on demand, with a maturity period of one day to fifteen days used for inter bank transactions. 4. Certificate of deposit are unsecured, negotiable, short term instruments in bearer form, issued by commercial banks and development financial institutions. 5. Commercial bill is a bill of exchange used to finance the working capital requirements of business firms.	(1x3) (1 mark for each statement) (1x3) (1 Mark for each statement)
25	Selection: Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes: (i) it ensures that the organisation gets the best among the available and (ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation. Placement and orientation: Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. Placement refers to the employee occupying the position or post for which the person has been selected.	(2x2) (1/2 mark for naming and 11/2 marks for the explanation)
26	Democratic or participative leader: A democratic leader will develop action plans and make decisions in consultation with his subordinates. He will encourage them to participate in decision making. This kind of leadership style is more common now-a-days, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the others opinion and support subordinates to perform their duties and accomplish organisational objectives. They exercise more control by using forces within the group.	(1+3)

27	Positive aspects of informal communication: 1. Sometimes, grapevine channels may be helpful as they carry information rapidly and therefore, may be useful to the manager at times. 2. Informal channels are used by the managers to transmit information so as to know the reactions of his/her subordinates. Negative aspects of informal communication: 1. The grapevine/informal communication sometimes gets distorted. It	(1x4)

	also leads to generating rumours and informal discussions and sometimes may hamper the work environment. 2. It is very difficult to detect the source of such communication. OR (a). Leadership- Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals. Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organisational objectives. (b). Motivation- Motivation means incitement or inducement to act or move. In the context of an organisation. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals.	(2x2)

28	Following are the factors affecting working capital requirement of a company: (Any four) 1. Nature of Business: The basic nature of a business influences the amount of working capital required. A trading organisation usually needs a smaller amount of working capital compared to a manufacturing organisation. 2. Scale of Operations: For organisations which operate on a higher scale of operation, the quantum of inventory and debtors required is generally high. Such organisations, therefore, require large amounts of working capital as compared to the organisations which operate on a lower scale. 3. Business Cycle: Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom, the sales as well as production are likely to be larger and, therefore, a larger amount of working capital is required. 4. Seasonal Factors: Most businesses have some seasonality in their operations. In peak season, because of higher levels of activity, larger amounts of working capital is required. 5. Production Cycle: Production cycle is the time span between the receipt the receipt of raw material and their conversion into finished goods. 6. Credit Allowed: Different firms allow different credit terms to their customers. These depend upon the level of competition that a firm faces as well as the credit worthiness of their clientele. 7. Operating Efficiency: Firms manage their operations with varied degree of efficiency. 8. Availability of Raw material: Higher the quantity of material to be stored, higher the amount of working capital required. 9. Growth Prospects: If the growth potential of a concern is perceived to be higher, it will require a higher amount of working capital. 10. Level of competition: Higher level of competitiveness may necessitate higher stocks of finished goods to meet urgent orders from customers. Or Ans: Following are the factors affecting capital structure of the company: (Any four)	(1x4) (1/2 mark for the heading and 1/2 marks for the explanation)

	1. Cash Flow Position: Size of projected cash flows must be considered before borrowing. Cash flows must not only cover fixed cash payment obligations but there must be sufficient buffers also.	

	2. Interest Coverage Ratio (ICR): The interest coverage ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation 3. Debt Service Coverage Ratio (DSCR): Debt Service Coverage Ratio takes care of the deficiencies referred to in the Interest Coverage Ratio (ICR). The cash profits generated by the operations are compared with the total cash required for the service of the debt and the preference share capital. 4. Cost of debt: 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. 5. Tax Rate: A higher tax rate makes debt relatively cheaper vis-a-vis equity. 6. Floatation cost: Process of raising funds involves some costs, these considerations may affect the choice between debt and equity, hence the capital structure. 7. Risk Consideration: Business risk depends upon fixed operating cost. Fixed operating costs result in higher business risk and vice-versa. Total risk depends upon business risk and financial risk. 8. Flexibility: To maintain flexibility it must maintain some borrowing powers to take care of unforeseen circumstances. 9. Capital Structure of other companies: It has been observed that the capital structure of competing companies also affect the capital structure of the company in question. 10. Stock Market Conditions: Stock market conditions often affect the choice between equity and debt.	(1X4) (1/2 mark for the heading and 1/2 marks for the explanation)

29	Choice of Technique: As he wishes to stick to a low investment model, we may suggest him to go with the labour-intensive approach to manufacture N95 masks. Since better technology would cost him much and his risk appetite is not conducive for capital intensive techniques of production. Financial Alternatives: As he wishes to stick to a low investment model, we may suggest him to go with the lease option for fixed assets like building, heavy machinery etc. as this may reduce his investments requirement in the business.	2 2
30	a) Right to safety: The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications. (b)Right to Consumer Education: The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service falling short of his expectations.	2 2

31	Science not rule of thumb: Taylor pioneered the introduction of the method of scientific inquiry into the domain of scientific inquiry into the domain of management practice. We have already referred to the limitations of the rule of thumb approach of management. As different managers would follow their indigenous rules of thumb. It is but a statement of the obvious that all would not be equally effective. Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis. The method so developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. Scientific method involved investigation of traditional methods through work-study, unifying the best practices and developing a standard method. Harmony, not discord: Factory system of production implied that managers served as a link between the owners and the workers. Since as managers they had the mandate to 'get work done' from the workers. Taylor recognised that this conflict helped none, the workers, the managers or the factory owners. He emphasised that there should be complete harmony between the management and workers. Both should realise that each one is important. To achieve this state, Taylor called for a complete Mental Revolution on part of both management and workers. It means that management and workers should transform their thinking. Management should share the gains of the company with the workers. At the same time workers should work hard and be willing to embrace change for the good of the company. Development of each and every person to his or her greatest efficiency and prosperity: As such, scientific management also stood for worker development. Worker	(3 x 2)

	training was essential also to learn the 'best method' developed as a consequence of the scientific approach. Taylor was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. Then work assigned should suit her/his physical, mental and intellectual capabilities. To increase efficiency, they should be given required training. Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers.	

32	Yes. Importance of Planning (Any four) 1. Planning provides direction: Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals. 2. Planning reduces the risks of uncertainty: Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed. 3. Planning reduces overlapping and wasteful activities: Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated. 4. Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business. 5. Planning facilitates decision making: Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions thus helping in taking rational decisions. 6. Planning establishes standards for controlling: Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. If there is any deviation it can be corrected. Therefore, we can say that planning is a prerequisite for controlling.	(1½x4) (½ mark for the heading and 1 mark for the explanation)

	OR Identifying alternative courses of action: Once objectives are set assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. Remaining steps to carried out to complete the process are as follows: 1. Evaluating alternative courses: The next step is to weigh pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. 2. Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis. 3. Implementing the plan: This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action. 4. Follow up action: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.	2 1x4 (½ mark for the heading and 1/2 mark for the explanation)

33	Decentralisation- Importance of Decentralisation (Any five) 1. Develops initiative among subordinates-Decentralisation helps to promote self-reliance and confidence amongst the subordinates. 2. Develops managerial talent for the future- Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. 3. Quick decision making- The management hierarchy can be looked upon as a chain of communication. In a decentralised organisation however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels the process is much faster. 4. Relief to top management- Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. 5. Facilitates growth: Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the	1 1x5 (1 mark for each statement)

	departments. 6. Better control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results.	
34	Following are the points of differences between advertising and personal selling (Any Six)	(1x6)

Advertising	Personal Selling
1. Advertising is an impersonal form of communication.	Personal selling is a personal form of communication.
2. Advertising involves transmission of standardised messages, i.e., the same message is sent to all the customers in a market segment.	In personal selling, the sales talk is adjusted keeping view of customer's background and needs.
3. Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. as the message can be adjusted.

4. It reaches masses, i.e., a large number of people can be approached.	Only a limited number of people can be contacted because of time and cost considerations.	
5. In advertising the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.	
6. Advertising can cover the market in a short time.	Personal selling efforts take a lot of time to cover the entire market.	
7. Advertising makes use of mass media such television, radio, newspaper, and magazines.	Personal selling makes use of sales staff, which has limited reach.	
8. Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising.	Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately.	
9. Advertising is more useful in creating and building interest of the consumers in the firm's products.	Personal selling plays an important role at the awareness stage of decision making.	
10. Advertising is more useful in marketing to the ultimate consumers who are large in numbers	Personal selling is more helpful in selling products to the industrial buyers or to intermediaries such as dealers and retailers who are relatively few in numbers.	1 ½x4)

OR

The marketing mix consists of various variables, which have broadly been classified into four categories, popularly known as four Ps of marketing. These are: (i) Product, (ii) Price, (iii) Place, and (iv) Promotion, and are discussed as follows:

1. Product: Product means goods or services or 'anything of value', which is offered to the market for exchange.

The concept of product relates to not only the physical product as mentioned in the above examples but also the benefits offered by it from the customer's view point (for example toothpaste is bought for whitening teeth, strengthening gums, etc.). The concept of product also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts etc. These aspects are very important, particularly in the marketing of consumer durable products (like Automobiles, Refrigerators, etc.). The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.

2. Price: Price is the amount of money customers have to pay to obtain the product. In the case of most of the products, the level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products.

3. Place: Place or Physical Distribution include activities that make firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.).

4. Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc. of the products to the target customers and persuade them to buy it. Most marketing organisations undertake various promotional activities and spend a substantial amount of money on the promotion of their goods through using a number of tools such as advertising, personal selling and sales promotion techniques (like price discounts, free samples, etc.).

½ mark for the heading and 1 mark for the explanation)

(

CLASS XII
BUSINESS STUDIES
SAMPLE QUESTION PAPER 2022-23
MM – 80 TIME: 3 HOURS
General instructions :
1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.
1.
Rishabh joined an entertainment company Avtaar, as a creative head. As a manager looking after the creative unit of the company, one of the functions he has to perform is the process of organizing. Which step of the process will he need to perform after identifying and dividing the work that has to be done in accordance with previously determined plans?
a)Identification and division of work
b).Departmentalisation
c).Assignment of Duties
d).Establishing Reporting Relationships
1
2.
Which characteristic of the business environment is highlighted when changes are taking place too frequently and it becomes difficult to predict the future?
a). Uncertainty
b). Complexity
c). Inter-relatedness
d). Relativity
1
3.
Aarohan Ltd. is a company manufacturing automobiles where division of work into key areas includes production, purchase, marketing, accounts and personnel. Which of the following is a disadvantage of the organization structure of Aarohan Ltd.?
a). It may lead to increase in cost
b). Managers may gain power and assert independence and ignore organization interests.
c). It ensures that different functions get due attention.
d). Heads do not get training for top management positions.
1
4.

Identify the dimensions of the business environment illustrated by the picture given above in which Sapna who has joined the workforce recently is working on an accounting software.

a. Technological and social.
b. Technological and political
c. Political and economic
d. Social and legal

1

5. Identify the reason which makes management important in the light of the fact that it is generally seen that individuals in an organization resist change, as a change often means moving from a familiar, secure environment into a newer and a more challenging one.

a. Management helps in achieving group goals.
b. Management creates a dynamic organization
c. Management increases efficiency
d. Management helps in the development of society.

1

6. The government of India made an announcement regarding Demonetization of the Indian economy on November 8, 2016 with profound implications for it. The process which put restrictions on convertibility of domestic money and bank deposits was meant to create a less-cash economy. One argument against the cash-lite economy is that:

a).Internet connectivity is a prerequisite
b).More people will be introduced into the formal economy.
c).Financial saving will increase
d).Tax evasion will be reduced

1

7.

Airlines will be able to offer the benefit of lower pricing to customers on sectors/routes due to the decision of the civil aviation ministry to remove price caps from August 31, 2022. This can help an airline to do better performance if they take early decisions regarding future courses of action after understanding and doing analysis. Which importance of business environment and its understanding by managers is not highlighted above:

a. It helps in improving performance
b. It helps in assisting in planning and policy formulation
c. It helps in tapping useful resources
d. It enables a firm to identify opportunities and get first mover advantage.

1

8.

Alo a mobility platform is in the process of laying off 400-500 employees in a move aimed at driving cost efficiency. Which objective of management will the firm not be able to achieve by carrying out this process.

a) Efficiency
b) Social

c) Profit
d) Survival
1
9.
Radha started a home cooked food delivery Dabba service. Her mother, who is a great cook, decided to help her. They relied on friends and family for orders and then on word of mouth. As a step in the process of ensuring that activities are performed as per her plan of supplying healthy, good quality, reasonable food and earning profit, she decided to keep both qualitative and quantitative benchmarks towards which she would strive to work. A function of management is being discussed above. An important characteristic of this function of management is :
a. It is the first function of management
b. It is the Last function of management
c. It is both forward looking and backward looking.
d. It is required only in business organizations.
1
10. Raman and Vasudev were two employees who were embezzling an import-export company in Varanasi where they were working. The finance manager of the company Sampat Singh became suspicious of the two employees when he realized that their activities were not being performed as per the plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to the Cyber police. The police were able to catch the two dishonest employees red handed and arrest them. Identify the function of management being discussed above.
a. Staffing
b. Coordination
c. Controlling
d. Organizing
1
11.
Name the outcome of the function of management which includes designing of roles to be filled by suitably skilled people and defining the inter relationship between roles so that ambiguity in performance of duties can be eliminated.
a. Organization structure
1
b. Delegation of authority
c. Decentralization
d. controlling
12. Statement-I Transportation helps in creating time utility and warehousing helps in creating place utility
Statement-II The process of classification of products into different groups on the basis of their important characteristics is known as standardization.
Choose the correct option from the options given below:

a. Statement I is true and II is false
b. Statement II is true and I is false
c. Both the statements are true
d. Both the statements are false
1
13.
Match the various terms of Financial Markets Column - I with their respective Statements in Column-II

Column - I	Column - II
a Financial market	i It is also known as the Stock market
b Primary market	ii It is a market for creation and exchange of financial assets.
c Secondary market	iii It is also known as New issue market

(a) (ii), (iii), (i) (b) (i), (iii), (ii)
(c) (iii), (ii), (i) (d) (i), (ii), (iii)
14.
_____ is a number assigned to each transaction by the stock exchange and is printed on the contract note.
a. Client code number
b. Unique order code
c. Permanent account number
d. Depository participant number
1
15.
One of the important decision areas under the marketing function of …….. is managing inventory.
a. Branding
b. Pricing
c. Promotion
d. Physical distribution.
1
16.
Which of the following statements is incorrect?
a. Providing liquidity to securities is one of the functions of stock exchange
b. Process of holding shares in electronic form is known as Dematerialization
c. Securities Exchange Board of India performs the regulatory function of controlling insider trading and imposing penalties for such practices.
d. Capital market consists of Commercial banks, Development banks and stock
1
exchanges
17. One of the following is considered to be an extension of the marketing concept, which apart from customer satisfaction pays attention to ethical and ecological aspects of marketing. Identify the concept.

a. Selling concept
b. Product concept
c. Production concept
d. Societal Marketing concept
18. While the product costs set the lower limits of the price for a product, the upper limit of price which a buyer would be prepared to pay is decided by:
a. Utility and demand of the product
b. The marketing manager of the firm
c. The Government
d. The competitors of the firm
19. Which of the following statements about Advertising is incorrect?
a. It is a personal form of communication
b. It is a paid form of communication
c. It is a mass selling technique.
d. It is inflexible as the message can't be adjusted to the needs of the buyer.
20.
Arrange the steps involved in trading procedure at the stock exchange in correct sequence
:
i) Settlement of order
ii) Opening of Demat Account
iii) Placing of order
iv) Execution of order
a) (ii) ; (iv);(iii);(i) b) (ii) ;(i) ;(iii);(ii)
c) (iii);(ii);(ii);(i) d) (ii);(iii);(iv);(i)
21.
Top management plans for the entire organization. According to these plans the organizational structure is developed and staffed. In order to ensure that these plans are executed according to plans, directing is required. Any discrepancies between actual and realized activities are then taken care of at the stage of controlling. Name and explain the process highlighted above which started at the planning stage itself and is implicit and inherent in all the functions of management in an organization.
3
22.
Mrs. Ahilya Pasi is the Principal of a prestigious school in New Delhi. The school has a vacancy of a headmistress/headmaster of the junior wing of the school. The senior teachers of the school have the opinion that only internal candidates should be considered for this post. However, Mrs. Pasi and the management would like to invite applications from external sources too. Briefly explain any three justifications the management can provide to convince the staff for inviting applications of external candidates for the vacant post.
3
23. Explain "Critical point control" with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example.

OR
Explain “Management by exception” with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example.
3
24. State any three objectives of the Securities Exchange Board of India.
Or
State any three functions performed by the stock exchange.
3
3
25.
Enumerate any four benefits of the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.
OR
Name the mechanism that attempts to measure certain characteristics of individuals in the process of identifying and choosing the best person out of the number of prospective candidates for the job. Enumerate any three of its types.
4
26. State any four barriers to communication which are concerned with problems and obstructions in the process of encoding and decoding the message into words or impressions.
OR
State any four barriers to communication which are related to authority relationships, rules and regulations of the company.
4
27
In Saarthak Steel several initiatives have been taken to further improve the motivation levels of employees through designing jobs that include greater variety of work content, providing certain stability about future income and work, providing fringe benefits like housing, medical aid, etc., allotment of shares in line with various incentives. Identify and briefly explain the incentives being given by the organization to the employees.
4
28.
State any four factors affecting the financial decision that is concerned with raising of finance using shareholders’ funds and borrowed funds. 4
29.
Krish limited is in the business of manufacturing and exporting carpets and other home décor products. It has a share capital of ₹ 70 lacs at the face value of ₹ 100 each. Company is considering a major expansion of its production facilities and wants to raise ₹ 50 lacs. The finance manager of the company Mr. Prabhakar has recommended that the company can raise funds of the same amount by issuing 7% debentures. Given that earning per share of the company after expansion is ₹ 35 and tax rate is 30%, did Mr. Prabhakar give a justified recommendation?
Show the working.

4
30.
Mayank purchased a pack of chocolates of a renowned brand for his daughter from a shop in the nearby market. After consuming the chocolates, his daughter fell sick. He filed a case with the District forum against the renowned brand. He lost the case because of a mistake that he could not provide proof of purchase. What should be kept in mind by a consumer while purchasing, using and consuming goods and services apart from avoiding the mistake committed by Mayank, in order to enable him/her to achieve the objective of consumer protection? Enumerate any four points.
4
31. Briefly explain any three of the following techniques of Scientific Management as given by F.W. Taylor:
a. Method study
b. Functional foremanship
c. Standardization
d. Differential piece wage system
OR
Briefly explain any three of the following principles of management given by Henry Fayol:
a. Unity of command
b. Equity
c. Remuneration
d. Initiative
6
32. 'The pros and cons of each alternative need to be weighed.' Name and briefly explain the logical steps in the process of planning which are followed by a manager before performing the step highlighted in the above statement.
OR
Briefly explain the next three steps in the process of planning which the manager will have to have to follow after using conjecture about what might happen in the future.
6
33.
Jojo and Jojo is a company known for its consumer business of baby oil and bandages, but many people do not know that the company also runs a medical device and diagnostics business, as well as a pharmaceutical company. With more than 1,80,000 employees worldwide the company has chosen to share decision making authority with lower levels and place it nearest to the point of action. Therefore the response does not take time. This
6
propagates the belief that people are competent, capable and resourceful who can get a chance to prove their abilities. And enables the company in identifying those executives who have the necessary potential to become dynamic leaders, so that the checking required on decisions taken by lower levels of management is the least. This makes it possible to evaluate performance at each level and each department can be individually

held accountable for their results.
By quoting the lines given above identify and briefly explain the benefits of the concept discussed above.
34. Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar, Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets.
As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base.
During the festive season the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers.
Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales.
From the viewpoint of the management function, briefly explain any four activities of marketing which the firm will be involved in, apart from the above-mentioned ones it's already performing.
6

MARKING SCHEME
BUSINESS STUDIES
2022-23
Answers
Marks
1
b) Departmentalization
1
2
a) Uncertainty
1
3
d) Heads do not get training for top management positions.
1
4
a) Technological and Social
1
5
b) Management creates a dynamic organization
1
6 a) Internet connectivity is a prerequisite 1
7
c) It helps in tapping useful resources
1
8
b) Social
1
9
c) It is both forward looking and backward looking
1
10
c) Controlling
1
11
a) Organization structure
1
12 d) Both the statements are false 1
13
(a) (ii), (iii), (i)
1
14
b) Unique order code
1

15
d) physical distribution
1
16
(C)Securities Exchange Board of India performs the regulatory function of controlling insider trading and imposing penalties for such practices. 1
17
d).Societal Marketing concept
1
18 (a) Utility and demand of the product 1
19
a) It is a personal form of communication
1
20
d). (ii);(iii),(iv);(i)
1
21
Coordination
The process by which a manager synchronizes the activities of different departments is known as coordination.
Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities. It is implicit and inherent in all functions of an organization.
1
(1X2)
22
Merits of external sources: (Any three)
1. Qualified personnel: By using external sources of recruitment, the management can attract qualified and trained people to apply for vacant jobs in the organization.
2. Wider choice: When vacancies are advertised wisely, a large number of applicants from outside the organization can apply. The management has a wider choice while selecting the people for employment.
3. Fresh Talent: The present employees may be insufficient or they may not fulfill the specifications of the jobs to be filled. External recruitment provides wider choice and brings new blood in the organization.
4. Competitive spirit: If a company taps external sources, the existing sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.
(1X3=3)
½ mark for the
heading and ½

for the
explanation
23
Critical point control: It is neither economical nor easy to keep a check on each and every activity in an organization.
Control should therefore focus on key result areas which are critical to the success of an organization.
(2+1 = 3)
These KRAs are set as the critical points. If anything goes wrong at the critical points, the entire organization suffers.
For instance, in a manufacturing organization, an increase of 5% in the labour cost may be more troublesome than a 15% increase in postal charges.
OR
Management by Exception: Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing.
Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of the management.
For instance, if the plans lay down 2% increase in labour cost as an acceptable range of deviation in a manufacturing organization, only an increase in labour cost beyond 2% should be brought to the notice of the management. However, in case of major deviation from the standard (say, 5%), the matter has to receive immediate action of management on a priority basis.
(2+1=3)
24 Following are the objectives of SEBI : (any three)
1. To regulate stock exchanges and the securities industry to promote their orderly functioning
2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them.
3. To prevent trading malpractices and achieve a balance between selfregulation by the securities industry and its statutory regulation.
4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.
OR
Following are the functions of stock exchange: (any three)
(i) Providing liquidity and marketability to existing securities.
(ii) Pricing of securities on the stock exchange is determined by the forces of demand and supply.
(iii) Safety of transaction is ensured as membership of a stock exchange is well regulated and its dealings are well defined.
(iv) Contributes to economic growth through the process of disinvestment and

reinvestment.
(v) Spreading of equity cult by ensuring wider ownership by way of regulating new issues.
(vi) Providing scope for speculation by ensuring speculative activity within the
(1x3)
1 mark for each
correct
statement.
(1x3)
1 mark for each
correct
statement.
provisions of law for it to take place in a restricted and controlled manner.
25
The benefits of training to an organization are as follows:(any four)
(i) Training is a systematic learning,
Always better than hit and trial methods which lead to wastage of efforts and money?
(ii) It enhances employee productivity both in terms of quantity and quality, leading to higher profits.
(iii) Training equips the future manager who can take over in case of emergency.
(iv)Training increases employee morale and reduces absenteeism and employee turnover.
(v) It helps in obtaining an effective response to a fast changing environment – technological and economic.
OR
Selection test
Types of tests are: (any three)
a. Intelligence test is one of the important psychological tests used to measure the level of intelligence quotient of an individual and is an indicator of a person’s ability or the ability to make decisions and judgments.
b. Aptitude test is a measure of an individual's potential for learning new skills and indicates the person’s capacity to develop.
c. Personality tests provide clues to a person’s emotions, her reactions, maturity, and value system and probe the overall personality.
d. Trade tests measure the existing skills of the individual, level of knowledge and proficiency in the area of professions or technical training.
e. Interest tests are used to know the pattern of interests or involvement of a person.
(1X4=4)

1
(1X3=3)
26
Semantic barriers (Any four):
1. Sometimes intended meaning may not be conveyed by a manager to his subordinates due to badly expressed messages which may be on account of inadequate vocabulary, usage of wrong works, omission of needed works, etc.
2. A word may have different meanings and the receiver has to perceive one such meaning for the word used by the communicator.
3. If the translator is not proficient with both the languages, mistakes may creep in causing different meanings to communication.
4. Some communications may have certain assumptions which are subject to different interpretations.
5. It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field and therefore they may not understand the actual meaning of many words.
(1x4=4)
1 mark for each
correct
statement
6. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived.
OR
Organizational barriers (Any four):
1. If organizational policy either explicit or implicit is not supportive to free flow of communication it may hamper effectiveness of communications.
2. Rigid rules and regulations, cumbersome procedures may be a hurdle to communication, as communications through prescribed channels may result in delays.
3. Status of superior may create psychological distance between him and his subordinates.
4. Complexity in the organization caused by the number of managerial levels may delay and distort the communication as the number of filtering points is more.
5. If facilities like frequent meetings, suggestion box, and complaint box, social and cultural gathering, transparency in operations, etc, for smooth, clear and timely communications are not provided, communications may be hampered.
(1X4=4)
1 mark for each
correct

statement

27 Incentives being given by the organization to the employees are:

1. Job enrichment: Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide opportunity for personal growth and a meaningful work experience.

2. Job security: Employees want their jobs to be secure. They want certain stability about future income and work so that they do not feel worried about these aspects and work with greater zeal.

3. Perquisites: In many companies perquisites and fringe benefits are offered such as car allowance, housing, medical aid and education to the children, etc., over and above the salary.

4. Co-partnership/stock option: Under these incentive schemes, employees are offered company shares at a set price which is lower than market price. Sometimes, management may allot shares in line of various incentives payable in cash.

(1X4=4)

½ mark for the heading and ½ mark for the explanation

28 Following are the factors affecting capital structure of a company : (Any four)

1. Size of the projected Cash flows must be considered before borrowing.

2. Interest Coverage Ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation.

3. Debt Service Coverage Ratio takes care of the deficiencies referred to

(1X4=4)

1 mark for each correct statement in the interest coverage ratio.

4. More debt can be used if debt can be raised at a lower rate

5. A higher Tax Rate makes debt relatively cheaper and increases its attraction vis-a-vis equity.

6. Process of raising resources also involves some cost which may affect the choice between debt and equity and hence capital structure.

7. If a firm's business risk is lower, its capacity to use debt is higher and vice versa.

8. To maintain flexibility the firm must maintain some borrowing power to take care of unforeseen circumstances.

9. Capital Structure of other companies is a useful guideline in the capital structure planning.
10. Stock Market Conditions often affect the choice between debt and equity.
11. Every company operates within a regulatory framework provided by the law.
12. Control as a factor also influences the choice between debt and equity especially in companies in which the current holding of management is on a lower side.
13. If the ROI of the company is higher, it can choose to use trading on equity to increase its EPS.
14. When a company increases debt, the financial risk faced by the equity shareholders increases consequently their desired rate of return may increase.
OR
Factors affecting financing decision: (Any four)
1. A prudent financial manager would normally opt for a source which is the cheapest.
2. The risk associated with each of the sources is different.
3. Higher the floatation cost, less attractive the source.
4. A stronger cash flow position may make debt financing more viable than funding through equity.
5. If a business has high fixed operating costs, it must reduce fixed financing costs.
6. Issues of more equity may lead to dilution of management's control over the business.
7. Health of the capital market may also affect the choice of source of funds.
29
Earnings per share = ₹ 35
EPS = Earning after tax / No.of equity shares
35= Earning after tax / 70,000
3
Earning after tax = ₹ 24,50,000
Interest= 50,00,000 x7/100 = ₹. 3,50,0000
Let the Earning before tax (EBT) = x
EBT- Tax= EAT
X-0.30 x= 24,50,000
0.70 x = 24,50,000
x= 24,50,000/0.70
x= 35,00,000
Earning before tax = ₹. 35,00,000
EBIT = Earning before tax + Interest

= 35,00,000 + 3,50,000
= ₹. 38,50,000
ROI= EBIt/total Investment × 100= 38,50,000 / 1,20,00,000 × 100 = 32.08%
As ROI (32.08%) > Rate of interest (7%). The company can choose to use trading on equity to increase its EPS. The finance manager was justified in making this recommendation.
1
30
A consumer should keep in mind the following responsibilities while purchasing, using and consuming goods and services (Any four)—
(i) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.
(ii) Buy only standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry, etc.
(iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
(iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
(v) Assert yourself to ensure that you get a fair deal.
(vi) Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding, etc.
(viii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.
(ix) Form consumer societies which would play an active part in educating consumers and safeguarding their interests.
(x) Respect the environment. Avoid waste, littering and contributing to pollution.
(1x4=4)
31
Techniques of Scientific Management given by F.W.Taylor:
Method Study
The objective of method study is to find out one best way of doing the job. There are various methods of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. Taylor devised the concept of assembly line by using method study. Ford Motor
Company used this concept very successfully. Even now auto companies are using it.
The objective of the whole exercise is to minimize the cost of production and maximize the quality and satisfaction of the customer. For this purpose many

techniques like process charts and operations research etc. are used.
For designing a car, the assembly line production would entail deciding the sequence of operations, place for men, machines and raw materials etc. All this is part of method study.
(b) Functional foremanship is an extension of the principle of division of work and specialization to the shop floor. Each worker will have to take orders from these eight foremen in the related process or function of production. Foremen should have intelligence, education, tact, grit, judgment, special knowledge, manual dexterity, and energy, honesty and good health. Since all these qualities could not be found in a single person, Taylor proposed eight specialists. Each specialist is to be assigned work according to her/his qualities. For example, those with technical mastery, intelligence and grit may be given planning work. Those with energy and good health may be assigned execution work
(c) Standardization refers to the process of setting standards for every business activity; it can be standardization of process, raw material, time, product, machinery, methods or working conditions. These standards are the benchmarks, which must be adhered to during production. The Objective Of
(i) To reduce a given line or product to fixed types, sizes and characteristics.
(ii) To establish interchangeability of manufactured parts and products.
(iii) To establish standards of excellence and quality in materials.
(iv) To establish standards of performance of men and machines
(d) Taylor was a strong advocate of a piece wage system. He wanted to differentiate between efficient and inefficient workers. The standard time and other parameters should be determined on the basis of the work- study discussed above. The workers can then be classified as efficient or inefficient on the basis of these standards. He wanted to reward efficient workers. So he introduced different rates of wage payment for those who performed above standard and for those who performed below standard.
(3X2=6)
(3X2=6)
OR
Principles of Management given by Henry Fayol:
(a)Unity of Command: According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organization should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle. He felt that if this principle is violated “authority is undermined; discipline is in jeopardy, order disturbed and stability threatened”. The principle resembles military organization. Dual subordination should be avoided. This is to prevent confusion regarding tasks to be done. Suppose a sales person is asked to clinch

a deal with a buyer and is allowed to give a 10% discount by the marketing manager. But the finance department tells her/ him not to offer more than a 5% discount. Now there is no unity of command. This can be avoided if there is coordination between various departments.

b) Equity: Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible," according to Fayol. This principle emphasizes kindliness and justice in the behavior of managers towards workers. This will ensure loyalty and devotion. Fayol does not rule out use of force sometimes. Rather he says that lazy personnel should be dealt with sternly to send the message that everyone is equal in the eyes of the management. There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc. In practice we can observe that now a days in multinational corporations people of various nationalities work together in a discrimination free environment. Equal opportunities are available for everyone in such companies to rise.

(c)Remuneration of Employees: The overall pay and compensation should be fair to both employees and the organization. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. In other words, remuneration should be just and equitable. This will ensure a congenial atmosphere and good relations between workers and management. Consequently, the working of the company would be smooth.

(d) Initiative: Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan. It is one of the traits of an intelligent person. Initiative should be encouraged. But it does not mean going against the established practices of the company for the sake of being different. A good company should have an employee suggestion system whereby initiative/suggestions which result in substantial cost/time reduction should be

32 Steps in the process of planning to be followed by a manager before performing the step of evaluation of alternatives:

Setting Objectives: The first and foremost step is setting objectives. Every organization must have certain objectives. Objectives may be set for the entire organization and each department or unit within the organization. Objectives or goals specify what the organization wants to achieve. It could mean an increase in sales by 20% which could be the objective of the entire organization. How all departments would contribute to the organizational goals is the plan that is to be drawn up. Objectives should be stated clearly for all departments, units and employees. They give direction to all departments. Departments/ units then need to set their own objectives within the broad framework of the organization's philosophy. Objectives have to percolate down to each unit and employees at all levels. At the same time, managers

must contribute ideas and participate in the objective setting process. They must also understand how their actions contribute to achieving objectives. If the end result is clear it becomes easier to work towards the goal.

(ii) Developing Premises: Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises. Assumptions are the base material upon which plans are to be drawn. The base material may be in the form of forecasts, existing plans or any past information about policies. The premises or assumptions must be the same for all and there should be total agreement on them. All managers involved in planning should be familiar with and use the same assumptions. For example, forecasting is important in developing premises as it is a technique of gathering information. Forecasts can be made about the demand for a particular product, policy change, interest rates, prices of capital goods, tax rates etc. Accurate forecasts therefore become essential for successful plans.

(iii) Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organization.

OR

The next three steps are :

i) Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them. There

(2X3=6)

½ mark for heading and 1½ mark for the explanation

(2X3=6)

½ mark for heading and 1½ mark for the explanation

may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the

members of the organization.
ii) Evaluating alternative courses: The next step is to weigh the pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. In financial plans, for example, the risk - return trade - off is very common. The more risky the investment, the higher the returns it is likely to give. To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken. Accurate forecasts in conditions of certainty/uncertainty then become vital assumptions for these proposals. Alternatives are evaluated in the light of their feasibility and consequences.
(iii) Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis. In such cases, subjectivity and the manager's experience, judgment and at times, intuition play an important part in selecting the most viable alternative. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.
33
Importance of Decentralization:
1. "Response does not take time". Quick decision making- In a decentralized organization since decisions are taken at levels which are nearest to the point of action and there is no requirement for approvals from many levels, the process is much faster.
2. "Who can get a chance to prove their abilities". Develops managerial talent for the future- Decentralization gives managers a chance to prove their abilities and creates a reservoir of qualified manpower that can be considered to fill up more challenging positions through promotion.
3. "Identifying those executives who have the necessary potential to become dynamic leaders". Develops initiative among subordinatesDecentralization helps to promote self-reliance and confidence
amongst the subordinates. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter.
4. "This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results."
(11/2X4=6)
(½ mark for
quoting+½

mark for
identification+½
mark for
explaining)
Better control- Feedback from levels helps to analyze variances and improve operations.
34 Functions of marketing, apart from the ones Choco Ltd is already performing: (Any four)
1. Gathering and analyzing market information: This is necessary to identify the needs of the customers and make various decisions for the successful marketing of the products and services. This is important for making an analysis of the available opportunities and threats as well as strengths and weaknesses of the organization and help in deciding what opportunities can best be pursued by it.
2. Product designing and development: The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and give it a competitive advantage in the market.
3. Standardization: Standardization refers to producing goods of predetermined specifications which help in achieving uniformity and consistency in the output
4. Packaging and labeling- Packaging refers to designing and developing the package for the products. Labeling refers to designing and developing the label to be put on the product.
5. Transportation- Transportation involves physical movement of goods from one place to another. As generally the users of products particularly consumer products are wide spread and geographically separated from the place where they are produced.
6. Storage and warehousing- In order to maintain smooth flow of products in the market, there is a need for proper storage of the products. Further there is need for storage of adequate stock of goods to protect against unavoidable delays in delivery or to meet out contingencies in the demand. Ram Kumar the CEO of Sabarmati Enterprises in a meeting with the middle management of the company advised that the personal goals of the people should be reconciled with the organizational objectives for harmony in the organization. Briefly explain the objective of management that he was referring to.
(1½ X 4 =6)
(½ mark for
heading and 1
mark for the
explanation)