

BUSINESS STUDIES
SAMPLE PAPER
2015-16
Marking Scheme

S.No.	Answers	Marks and Typology	Unit
Ans1	Any one characteristic. 1. <u>Coordination integrates</u> unrelated <u>group efforts</u> into purposeful work activity. 2. <u>Coordination ensures unity of action</u> in the realization of a common purpose. 3. <u>Coordination</u> is not a one-time function but it is a <u>continuous function</u> beginning with planning stage and continues till controlling. 4. Coordination is a <u>pervasive function</u> needed at all levels of management. 5. Coordination is the <u>function of every manager</u> in the organization. 6. Coordination is a function <u>performed in a deliberate and conscious manner</u> .	1 mark for the statement	I
Ans2	A manager reduces cost and increases productivity through better planning, organizing, directing, staffing and controlling the activities of the organization.	1 mark	I
Ans3	A single use plan is developed for a onetime event. Such a course of action is not likely to be repeated in future.	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 <u>effective management</u> through empowerment of employees. (ii) Delegation helps in <u>employee development</u> by providing them with the chance to use their skills and experience. (iii) Delegation <u>motivates employees</u> by giving them responsibility which builds their self-esteem. (iv) Delegation <u>facilitates growth</u> by providing ready workforce to take up any expansion program. (v) Delegation provides <u>basis of management hierarchy</u> by establishing superior-subordinate relationship. (vi) Delegation helps in <u>better coordination</u> 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	<p>The statement refers to use of 'Critical Point Control', while analyzing deviations.</p> <p>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.</p> <p>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)</p>	2 marks for explanation and 1 mark for example (2+1=3)	III
Ans12	<p>The next three steps in the process of staffing are stated below:</p> <ol style="list-style-type: none"> 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	<p>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.</p>	1 mark for naming and 2 marks for explanation (1+2=3)	IV
Ans14	<p>a) Principles of management (any one)</p> <p>Stability of Personnel Initiative Discipline Esprit de corps 1</p> <p>Characteristic of management (any one)</p> <p>Goal oriented Dynamic Intangible Force Multi Dimensional Group activity 1</p> <p>b) Values that have been communicated by the Dabbawalas: (any two)</p> <ol style="list-style-type: none"> 1. Fulfilling social responsibility; 2. Empathy towards disadvantaged children; 3. Team work. <p>(or any other suitable value)</p>	<p>(1 mark each for the statement of the principle and feature)</p> <p>(1x2=2)</p>	I
Ans15	<p>(a). Divisional Structure- Reason in support of the answer (any one)</p> <ol style="list-style-type: none"> 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. <p>(b) Limitations of the Divisional Structure: (Any two)</p> <ol style="list-style-type: none"> 1. Conflict may arise among different divisions with reference to 	<p>1 mark for the statement</p> <p>1 mark each</p>	II

	<p>allocation of funds.</p> <p>2. It may lead to increase in costs since there may be a duplication of activities across products.</p> <p>3. Divisional interests may supersede organisational interests.</p>	for the statement (1x2=2)	
Ans16	<p>(a) Financial incentive. 1</p> <p>Co -Partnership/ Stock Option 1</p> <p>(b) Other financial incentives (any two):</p> <p>Pay and allowances</p> <p>Productivity linked wage incentives</p> <p>Bonus</p> <p>Profit Sharing</p> <p>Retirement Benefits</p> <p>Perquisites</p>	<p>1 mark for identifying the incentive</p> <p>1/2 mark for identifying the type and</p> <p>1/2 mark for the explanation</p> <p>1/2 mark for the heading+1/2 mark for the explanation (1x2=2)</p>	III
Ans17	<p>Ans. Techniques of Scientific Management (any two)</p> <p><u>Functional Foremanship</u>: 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.</p> <p><u>Motion Study</u> - 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.</p> <p><u>Standardisation and simplification of work</u>- 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.</p> <p><u>Method study</u> the objective of method study is to find the one best way of doing the work</p> <p><u>Time study</u> 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</p> <p><u>Fatigue study</u>. This study seeks to determine the amount and frequency of rest intervals in completion of a task</p> <p><u>Differential piece wage system</u>. 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.</p>	(2+2=4)	I
Ans18	<p>Functions of Financial Market. (any two)</p> <p>(i) Mobilisation of savings and channeling them into the most productive uses</p> <p>(ii) Facilitating price recovery.</p>	1/2 mark for heading and 1 ½ mark for explanation	IV

	(iii) Providing liquidity to financial assets. (iv) Reducing the cost of transaction		
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 translation</u> . (iv) Messages involving certain assumptions may be interpreted	(1x5=5)	III

