BUSINESS STUDIES SAMPLE PAPER 2015-16 Marking Scheme

6.11	Warking Scheme	Marks and	l
S.No.	Answers	Typology	Unit
Ans1	Any one characteristic. 1. Coordination integrates unrelated group efforts into purposeful	1 mark for the	I
	work activity.	statement	
	Coordination ensures unity of action in the realization of a	Statement	
	common purpose.		
	3. Coordination is not a one-time function but it is a continuous		
	function beginning with planning stage and continues till		
	controlling.		
	 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</u> <u>manner</u> .		
Ans2	A manager reduces cost and increases productivity through better	1 mark	I
	planning, organizing, directing, staffing and controlling the activities of the		
	organization.		
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	1 mark	IV
	volume of production and sales. Thus working capital requirement of a		
	business will be high.		
Ans7	The packaging of tablets in a corrugated box is necessary for the purpose	1 mark for	V
	of storage, identification and transportation.	the	
		statement	
Ans8	Advertising.	4 1.5	V
Ans9	Importance of Delegation (any three):	1 mark for	II
	(i) Delegation leads to <u>effective management</u> through empowerment of employees.	the statement	
	(ii) Delegation helps in <u>employee development</u> by providing them	(1x3=3)	
	with the chance to use their skills and experience.	(1/3-3)	
	(iii) Delegation motivates employees 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 basis of management hierarchy by		
	establishing superior-subordinate relationship.		
	 (vi) Delegation helps in <u>better coordination</u> as it avoids overlapping of duties. 		
Ans10	Factors affecting price of a product: (Any two factors)	1/2 mark	V
, 111310	(i) Product Cost	heading +	"
	(ii) Utility and Demand	1½	
	(iii) Extent of competition in the market	explanation	
	(iv) Government and Legal Regulations	$(1^{1/2} \times 2=3)$	
	(v) Pricing Objectives	,	
	(vi) Marketing Methods used		

Ans11 The statement refers to use of 'Critical Point Control', while analyzing 2 mark deviations.	
It emphasizes that deviations in the key areas need to be attended more and 1 r	
urgently as compared to deviations in certain insignificant areas. Control for example for	
should, therefore focus on these key result areas which are critical to the (2+1=	•
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)	
Ans12 The next three steps in the process of staffing are stated below: 1 mark	c for III
Recruitment is the process of searching for prospective employees each	
and stimulating them to apply for jobs in the organisation. statem	
2. <u>Selection</u> is the process of choosing from among the pool of the (1x3=	
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.	
Ans13 Commercial Paper: It is a short term unsecured promissory note, 1 mark	c for IV
negotiable and transferable by endorsement and delivery with a fixed naming	
maturity period. It is issued by large and creditworthy companies to raise 2 mark	-
short term funds at lower rate of interest than market rates. The issuance explana	
of commercial paper is an alternative to bank borrowing for large	
companies that are generally considered to be financially strong. (1+2=	=3)
Ans14 a) Principles of management (any one) (1 mark	
Stability of Personnel for the	
Initiative stateme	ent of
Discipline the prin	
Esprit de corps 1 and fea	-
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) (1x2=	=2)
1. Fulfilling social responsibility;	
2. Empathy towards disadvantaged children;	
3. Team work.	
(or any other suitable value)	
Ans15 (a). Divisional Structure- 1 mark	
Reason in support of the answer (any one) the state	ment
Product Specialisation helps in the development of varied skills in a	
divisional head and this prepares him for higher positions.	
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.	
(b) Limitations of the Divisional Structure: (Any two)	
1. Conflict may arise among different divisions with reference to 1 mark	each

	allocation of funds. 2. It may lead to increase in costs since there may be a duplication of activities across products.	for the statement (1x2=2)	
Ans16	3. Divisional interests may supersede organisational interests. (a) Financial incentive. 1 Co -Partnership/ Stock Option 1	1 mark for identifying the incentive 1/2 mark for identifying the type and 1/2 mark for the explanation	III
	(b) Other financial incentives (any two): Pay and allowances Productivity linked wage incentives Bonus Profit Sharing Retirement Benefits Perquisites	1/2 mark for the heading+1/2 mark for the explanation (1x2=2)	
Ans17	Ans. Techniques of Scientific Management (any two) <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. <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.	(2+2=4)	Í
	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		
	<u>Fatigue study</u> . 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.		
Ans18	Functions of Financial Market. (any two) (i) Mobilisation of savings and channeling them into the most productive uses (ii) Facilitating price recovery.	1/2 mark for heading and 1 ½ mark for explanation	IV

	(iii) Providing liquidity to financial assets.		
	(iv) Reducing the cost of transaction		
1 10		4/2	.,
Ans19	Activities/ Components of Physical Distribution: (Any two)	1/2 mark for the	V
	Order processing- A good physical distribution system should	heading+ 1	
	provide for an accurate and speedy processing of orders, in the	^{1/2} mark for	
	absence of which goods would reach the customers late or in	explanation	
	wrong quantity or specifications.	(2x2=4)	
	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.		
Ans20	(a) Staffing and Controlling 2	1x2=2	III
7 11.520	(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.)		
Ans21	(a) Planning.	1/2 mark for	II
	Characteristics of planning (any one)	heading and ½ mark for	
	(i) Planning focuses on achieving objectives.(ii) Planning is a primary function of management	the	
	(iii) Planning is a primary runction of management	explanation	
	(iv) Planning is pervusive	(1x3=3)	
	(v) Planning is futuristic	(=::0 = 7	
	(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		
Ans22	Semantic barrier to communication (Any five)	(1x5=5)	III
	(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		

Ans23	differently due to <u>unclarified assumptions</u> . (v) Use of <u>technical jargon</u> by specialists may not be understood by others. (vi) <u>Body language and gesture decoding</u> may be misunderstood if what is said and what is expressed do not match. 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 1/2 x4=6)	ı
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	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