

केन्द्रीय माध्यमिक शिक्षा बोर्ड, विरल्ली  
सीनियर स्कूल सार्टफिकेट परीक्षा (कक्षा बारहवीं)  
परीक्षार्थी प्रवेश-पत्र के अनुसार भरें

रीय माध्यमिक  
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शिखण्ड Subject : BUSINESS STUDIES

शिखण्ड कोड Subject Code : 054-1

परीक्षा का दिन एवं तिथि

Day & Date of the Examination : THURSDAY, 3 MARCH  
2016

उत्तर देने का माध्यम

Medium of answering the paper : ENGLISH

प्रश्न पत्र के ऊपर लिखे

कोड को दर्शाएँ।  
Write code No. as written on  
the top of the question paper:

Code Number  
661/2

Set Number  
① ② ③ ④

अतिरिक्त उत्तर-पुस्तिका (ओं) की संख्या

No. of supplementary answer -book(s) used

विकलाग व्यक्ति : हो / नहीं  
Person with Disabilities : Yes / No

किसी शारीरिक अक्षमता से ग्रन्तित हो तो संबंधित वर्ग में ✓ का निशान लगाएँ।  
If physically challenged, tick the category

B  D  H  S  C  A

B = दृष्टिहीन, D = मूँग व बहिर, H = शारीरिक रूप से विकलाग, S = स्पास्टिक  
C = डिस्लोविसिप, A = आौटिस्टिक  
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क्या लेखन - लिपिक उपलब्ध करवाया गया : हो / नहीं  
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यदि दृष्टिहीन है तो उपयोग में लाए गये  
सोफ्टवेयर का नाम :  
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\*एक नाम में एक अक्षर लिखें। नाम के प्रत्येक नाम के बीच एक खाली लिखत खाली छोड़ दें। यदि परीक्षार्थी का  
नाम 24 अक्षर से ज्यादा है, तो फ़ॉर्म नाम के प्रत्येक 24 अक्षर ही लिखें।  
Each letter be written in one box and one box be left blank between each part of the  
name. In case Candidate's Name exceeds 24 letters, write first 24 letters.

कार्यालय उपयोग के लिए  
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## II MARKERS

- 1) The decision mentioned is INVESTMENT DECISION, and the type is CAPITAL BUDGETING DECISION.

Investment Decision - it helps to decide how the funds will be invested in different assets

Capital Budgeting Decision - it determines involves committing the finance on a long term basis i.e. in long-term fixed assets.

2) The marketing function concerned is PROMOTION.

3) The factor mentioned in LEVEL OF COLLABORATION.

4) FUNCTIONAL Organisation promotes efficiency in utilisation of manpower.

5) Process includes all those activities or primary functions that the management has to ~~for~~ perform in order to get things done and achieve organisational goals. It includes planning, organising, staffing, directing and controlling.

6) Manuj exercised RIGHT TO BE HEARD since he was dissatisfied with the product ~~and wanted to be heard and file hence filed~~ a complaint.

7) 8

7) As an element of delegation, responsibility means ~~to~~ the obligation to perform work due to delegated authority and because of superior-subordinate relationship.

A subordinate is responsible to ~~his~~ superior for work performance and must obey orders

8) In functional foremanship, speed boss ensures that work is completed timely, effectively and efficiently. He works under the production manager and is concerned with execution of work.

(END OF 1 MARKERS)

## 13 MARKERS

q)

Functions performed by NGOs for consumer protection are :

- ① Carrying out comparative testing of product samples in accredited laboratories and publishing results for the benefit of all to inform about relative qualities.
- ② Publishing journals, articles etc. informing about common consumer problems, solutions, hence creating awareness
- ③ Providing consumers legal aid, assistance etc. while filing complaints in consumer courts.

10) Functions performed by SEBI -

① REGULATORY FUNCTION

conducting ~~the~~ enquiries, inspection, audits and

① REGULATORY FUNCTION

conducting ~~enquiries~~, inspection and audits.

line - "on regular inspection and by conducting ~~enquiries~~ enquiries of the brokers involved"

② PROTECTIVE FUNCTION

controlling insider trading and imposing penalty on violation

line - "The SEBI imposed a heavy penalty on Mr. Sanjay Nehra"

11) a) Two communication barriers mentioned -

① ORGANISATIONAL BARRIERS

Organisation policy  
"all decision making of the enterprise were in the hands of his father."

② PSYCHOLOGICAL BARRIERS

Distress

"His father didn't believe "his employees as a result . . . messages in the same sense"

- v) b) Organisational barriers
- Organisational facilities - facilities such as frequent meetings, suggestion box etc encourage easy communication.
- Their absence discourage communication.
- 2

 ~~Psychological Barriers~~

Lack of Attention - if the listener is pre-occupied with another matter, effective communication cannot happen due to lack of attention.

- (Tyoti)
- 12) a) To fill up the vacancy of Human Resource Manager, INTERNAL  
source of recruitment has been used.  
The source is PROMOTION.

To fill up the vacancy of Marketing Head (Ashish), EXTERNAL  
source of recruitment has been used.  
The source is PLACEMENT AGENCIES AND MANAGEMENT  
CONSULTANCY FIRMS.

To fill up the vacancy of Assistant Manager (Raman), EXTERNAL  
source of recruitment has been used.  
The source is CASUAL CALLERS.

- 12) b) Merit of Promotion (Internal source):
- ① enhances motivation of employee and even leads to a chain of promotion at the lower levels.

~~Merit of Placement Agencies and Management Consultancies \*~~

(External source):

- ① ~~it provides extremely~~ qualified personnel

~~Merit of Casual Callers (External source):~~

- ① it ~~is~~ gives wider choice and fresh talent to organisation
- ② it is ~~cheaper~~ than other sources.

### 13) Limitations of Planning :

#### ① IT IS TIME CONSUMING :

Planning is a time consuming process and may leave very little time for actual implementation of plans.

#### ② IT REDUCES CREATIVITY

Planning is generally done by the top management. The lower hierarchy managers only implement the plan, without acting on their own. Thus much creativity and innovation that was inherent in them gets lost.

#### ③ IT MAY NOT WORK IN A DYNAMIC ENVIRONMENT

An organization interacts with its external environment which is dynamic. Planning cannot ~~exist~~ all the changes, such as changes in government policy, changes in consumer tastes etc. Since it is ~~cannot~~ ~~for all~~ everything, it may not be as effective.

END OF 3 MARKERS

## 14 MARKERS

14) a) The communication tool used is PUBLIC RELATIONS.

Public Relations includes a variety of programmes aimed at protecting and promoting the company's image and its individual products in the eyes of the public. Its purpose is disseminate information and build goodwill.

b) Role of Public Relations (PR)

- ① PRESS RELATIONS - P.R. department keeps in touch with media and gives information about the company so that it is reliable. Information from any other source can get distorted.

- (2) PRODUCT IMAGE AND RELEASE — P.R. department has to disseminate information about the products of the company so that people are aware of it. This also stimulates salesforce and builds credibility.
- (3) CORPORATE COMMUNICATION — Speeches, meetings etc. conducted by top management helps to build goodwill and also brochures etc. are also helpful.
- (4) LOBBYING — P.R. department maintains close contact with ~~some~~ ministries concerned with industry and often communicate about policies affecting them.

⑤ COUNSELLING — P.R. department advises the top management about programmes they must undertake to improve public image, such as setting up a school in a backward rural area.

etc  
etc

- 15) a) The type of organization which permits Steelo Ltd the flow of communication in all directions is INFORMAL organization.

b) Advantage -

Informal organization helps to fulfil social needs of the employees as they can communicate on the basis of same interests, friendships etc. Thus, human element is given due importance.

c) Values:

- ① Social responsibility fulfilled by providing facilities such as schools, hospitals etc.
- ② attempt towards development by creating employment opportunities.

6) Dimensions of business

① ECONOMIC ENVIRONMENT  
"recent ~~rate~~ cut in the interest on loans..."

> Economic environment consists of all those factors that affect the production and distribution of wealth.

> It includes, inflation rates, interest rates, disposable income, GDP, ~~foreign~~ value of ~~rupee~~ etc.

> Components are -

- Balance of payment
- Volume of export and import
- Economic structure prevalent
- GNP at current and constant prices.

> Example: a fall in interest ~~rate~~ will encourage loans both by business and individuals

## ② TECHNOLOGICAL ENVIRONMENT

"develop cars to be  
and powered by fuel produced from  
garbage." "invention"

(a)

- > Technological Environment consists of all these scientific inventions and innovations that develop
  - new ways to produce products
  - new methods to operate business efficiently.
- > It is an improvement over the existing technology
- > Example: invention of Just in time inventory and manufacturing has enabled firms to maintain minimal levels of inventories.

Airlines have their websites for booking tickets.

17)

Function of Management performed in Directing

Element of Directing performed is Motivation by giving incentives and satisfying needs, to perform better  
Features of motivation:

- ① IT IS AN INTERNAL FEELING  
 Motives are urges and desires that are internal to an individual.
- ② IT IS A COMPLEX FORCE  
 The needs of ~~in~~ different individuals are different and therefore heterogeneous. What may motivate one subordinate may not motivate another as effectively.

(3) IT PRODUCES GOAL DIRECTED BEHAVIOUR

Through the process of motivation, an attempt is made to satisfy the needs of the subordinates. To fulfil the unsatisfied needs, search behaviour is initiated which is directed towards achievement of goal that may satisfy the need.

(4) MOTIVATION CAN BE POSITIVE OR NEGATIVE

Positive motivation includes rewards, recognition etc.

Negative motivation includes threatening, punishment etc.

Both stimulate the subordinate to perform in the desired manner.

18)

Principles of Management are important because:

① PROVIDING MANAGERS WITH USEFUL INSIGHTS INTO REALITY

Principles of Management add to the knowledge of the manager if they help them to learn from past mistakes and solve recurring problems quickly. Thus, a manager's understanding is enhanced.

② SCIENTIFIC DECISIONS

Principles of Management help managers to take decisions which are thoughtful, objective and justifiable. They are based on facts and are timely and relevant. They have to based on logical thinking, rather than blind faith.

### ③ FULFILLING SOCIAL RESPONSIBILITY

With the increased awareness of consumers and other stakeholders of a business organisation, businesses are forced to fulfil their social responsibility. Management principles and theory are also developed in this regard. Also, the interpretation of principles changes with changing circumstances.

### ④ MANAGEMENT TRAINING, EDUCATION AND RESEARCH

Principles of management are at the heart of management theory and thus become the base of management education in professional institutes of MBA such as IIMs. Aptitude tests for the same are based on them. Further refinement of principles also takes place, resulting in improvements. Example: cost accounting, operations research.

*W.M.D.*

19)

Functions of Financial markets :

① MOBILISATION OF SAVINGS AND CHANNELLING THEM INTO THE MOST PRODUCTIVE INVESTMENTS

Financial markets help to direct savings into productive investments and provide a ready market for them. They thus, perform the allocative function and lead to growth.

② FACILITATING PRICE DISCOVERY

Pricing of instruments traded in financial markets are decided by forces of demand and supply. Firms demand the finance, households supply it. The point where these forces meet decides the price.

### (3) PROVIDES LIQUIDITY

Financial markets provide liquidity to the instruments being traded & through the mechanisms of disinvestment and reinvestment. It is a continuous market.

### (4) REDUCES COST OF TRANSACTIONS

Financial markets provide information to both parties involved in a transaction, thus reducing cost, time and risk of error. In their absence, obtaining information & about the instruments traded would be costly and time consuming.

END OF 4 MARKERS

## 15 MARKERS

20) a) Formal Communication

Linus: "Out of his colleagues sent a text message about it to his immediate superior"

b) Formal Communication

Linus: "Sent a text message about it to his immediate superior and when General Manager came to know about it, he ordered... using official channels, exercise of formal an

informal communication.

Linus: "Mr. Nargis in turn sent a text message to the employee of the organisation requesting them to donate blood for Avu

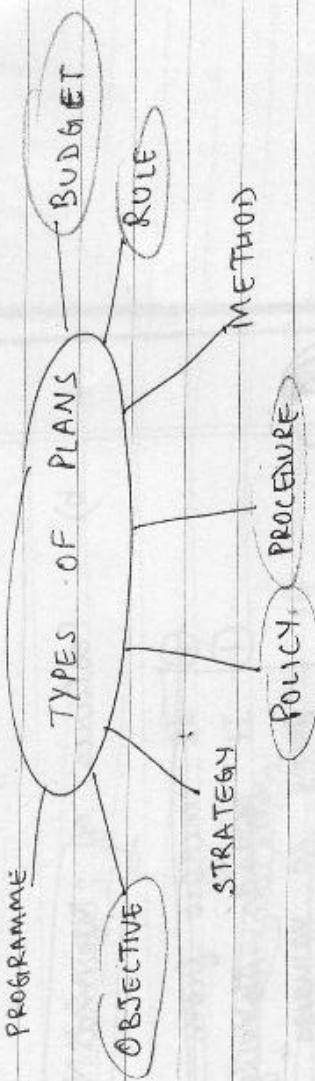
b) Features of Informal Communication are:

- ① It emerges ~~from written the form~~
- ② It spreads ~~throughout the~~ throughout the organization, with its branches going in various directions, with utter disregard to the levels of authority. Hence it is called grapevine.
- ③ It helps in faster transmission of information.

c) Values:

- ① importance of taking precautions - fumigation and cleanliness
- ② sensitivity - generosity - request for donation.

21)



Types of plans discussed here are -

① OBJECTIVE

line - "one of our objective was to earn 10% profit ...".

An objective defines the future state of affairs ~~at~~ that an organisation strives to realize. It ~~# is~~ is the end result that is desired and aimed for.

② POLICY

line - "it was decided that raw materials will be purchased in two months credit from ~~formers~~ ...".

Policy is a general statement that guides efforts in a particular

direction and are the solution to general problem. They define the broad parameters within which a manager may function.

### (3) PROCEDURE

line - "She also decided to follow the 'steps required for ... her own' outlets."

Procedure specifies the routine steps to be followed in a chronological order in a particular circumstance. They are generally far inidious to follow.

### (4) METHODS

line - ~~appointed man ... who decides the exact manner in which production activities are to be carried out~~:  
 method details the ~~exacted~~ prescribed manner or way to carry out a particular task. It helps to save cost, time and effort.

## ④ BUDGET

Line - "also prepared a statement showing the number of workers that will be required in the factory".  
Budgets are statements that quantify facts, expressed in numerical terms. They involve forecasting of the requirement.

## ⑤ STRATEGY

Line - "about our sales target for different products, area wise for the forthcoming quarter".  
Strategy is a comprehensive plan involving setting objectives, choosing a course of action and allocating resources.

## ⑥ RULE

Line - "while working ... a penalty of £100 per day for not wearing cap, gloves and apron was announced".  
Rule is the simplest plan, involving a managerial decision informing what is to be done. It is a specific statement with no flexibility.

22)

STEPS IN CONTROLLING

Setting Performance Standards



Measurement of Actual Performance



Comparing Actual Performance with Standards



Analyzing Deviations



Taking Corrective Action.

Steps involved in controlling are -

### ① Setting Performance Standards

These are the benchmarks that must be adhered to in production. Standards can be both qualitative and quantitative but must be stated specifically and clearly.  
Example : 100 units a week per worker.  
They ~~s~~ must be objective and realisable.

2016

### ② Measurement of Actual Performance

Actual performance can be measured using sampling, progress reports, accounting notices, inspection etc. They must be measured in the same units as the standards. This measurement must be a continuous process rather ~~or~~ than at the end of the production.

अपना अनुक्रमिक इस उत्तर-पुस्तिका

पर न लिखें

Please do not write your  
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अंतिरिक्ष उत्तर-पुस्तिका (अ) की संख्या  
Supplementary Answer-Book No. \_\_\_\_\_

③ Comparing Actual Performance with Standards

Actual performance must be compared with standards  
but to find out deviations - if any. This is  
necessary to ensure that work is being done  
according to plans ~~or~~ not.

④ Analysing Deviations

Deviations must be identified and analysed to ensure  
a proper corrective action.

- Critical Point Control - deviations in areas critical to  
organisation's success are worked upon. These are key  
result Areas.

- Management by Exception - only those ~~not~~ significant deviations which are beyond the permissible limit need to be brought to the notice of the management.

### ⑤ Taking corrective Action

Corrective Action must taken only in cases where deviations are in critical areas and beyond acceptable range. Examples are : training employees, assigning improving production process, replacing machinery etc. When management ~~cannot~~ correct them, standards must be revised.

END of 5 MARKERS

## 16 MARKERS]

23) a) CALCULATING E.P.S. FOR CURRENT YEAR  
 (£)

Earning before interest and Tax (EBIT)	800,000
Less: Interest @ 10%	(40,000)
Earning before Tax	400,000
Less: Tax @ 40%	(160,000)
Earning after Tax (EAT)	240,000

Number of shares of £10 each 2,40,000

$$\therefore \text{Earning per share} / \frac{\text{EAT}}{\text{(No. of shares)}} = 0.40$$

Since, current year's EPS is less than last year's, therefore the shareholders' loss due to diversification. The R.O.I. (EBIT × 10) is 8% which is less than 10%. ~~It is unavouable financial leverage~~

- 25) b) Factors which favours issue of debentures —
- ① CONTROL  
Debt does not dilute the control of the managers  
and prevents a take over bid
  - ② COST OF DEBT  
The interest rate was not too high & so the company could go for debt
  - ③ RISK  
The financial risk must have been under control to be able to issue debt. This means, the business risk was not too high.

24) a) The aspect neglected by marketer is LABELLING.

b) Functions of labelling :

① Describe the product and specify its contents

A label displays the product information and specifies its contents and benefits.

For example: ~~like~~ a hair oil label would specify ~~the~~ the ingredients and mention the benefits

② Identify the Product and Brand

The label mentions the name of the brand, along with details of the manufacturer, date of expiry, batch number, MRP etc.

### (2) Helps in Grading of Products

A label mentions ~~that~~ the quality specification of the product and grades them accordingly into different categories so that a high quality product gets a high price.

For example : tea has red label, green label etc.

### (4) Helps in Promotion

A label displays promotional messages, tag lines and promotional schemes such as buy 1 get 1 free. This helps to attract consumers.

### (5)

Provides information required by law

A label displays information that ~~must be~~ is mandatory to be provided by law. Such as, cigarette pack ~~must say that smoking~~ is injurious for health.

25)

### Characteristics of Management

- Pervasive ↗
- Continuous ↗
- Intangible ↗
- Dynamic ↗

Characteristics of Management are -

#### ① MANAGEMENT IS AN ALL - PERVERSIVE FUNCTION

Management functions must be performed by all types of organisations, all levels of management and in all departments. Hence it is a pervasive function.

- ② MANAGEMENT IS A CONTINUOUS PROCESS  
The functions of management are separate and composite that are continuously performed. It is a managerial cycle with no end to the performance of functions.
- ③ MANAGEMENT IS AN INTANGIBLE FORCE  
Management is an intangible force that cannot be seen but can be felt in the way an organization functions, when there is no stress, employees are happy and satisfied etc.
- ④ MANAGEMENT IS A DYNAMIC FUNCTION  
A business interacts with its external dynamic environment. Therefore it must change itself and its goals according to the change in the environment to be successful.

END OF 6 MARKS