

BUSINESS STUDIES

Time allowed : 3 hours

Maximum Marks : 100

General Instructions :

- (1) Answers to questions carrying **2-3** marks should not exceed **30-40** words.
- (2) Answers to questions carrying **4-5** marks should not exceed **60-80** words.
- (3) Answers to questions carrying **6** marks should not exceed **100** words.
- (4) Attempt all parts of a question together.

QUESTION PAPER CODE 66/1/1

1. State any **two** functions of top-level management. 2
2. What is meant by 'economic environment' of business ? 2
3. Enumerate any **two** features of directing. 2
4. What is meant by production concept of marketing ? 2
5. How does marketing help a firm to build goodwill in the market ? 2
6. An organisation follows the principles of management. What are the positive effects of each of the following principles of management on the organisation ? 3
 - (i) Scalar chain
 - (ii) Equity, and
 - (iii) Division of work
7. How does motivation improve the efficiency of workers in an organisation ?
Give any **three** points 3
8. "All managers are leaders, but all leaders are not managers." Do you agree with this statement ? Give any **three** reasons in support of your answer. 3
9. Enumerate any **three** market related factors that should be kept in view while taking decision on the choice of channels of distribution of any product. 3
10. State any **three** objectives of sales promotion. 3
11. Describe, in brief, Taylor's principles of
 - (i) Science, not the rule of thumb, and
 - (ii) Harmony, not discord. 4

12. Define the term 'Organising' and enumerate the steps involved in the process of organising. 4
13. You are the representative of workers in a factory and want to impress upon the management the need for introducing time-rate system in place of existing piece-rate system of wage payment. What **four** reasons would you like to give to the management to justify your viewpoint ? Explain, in brief. 4
14. "Securities and Exchange Board of India (SEBI) is the watchdog of the securities market." Do you agree ? Give **four** reasons in support of your answer. 4
15. Distinguish between Capital market and Money market on the basis of
 (i) Participants,
 (ii) Instruments traded
 (iii) Investment outlay, and
 (iv) Safety 4
16. "Management is regarded as fully-developed profession." Do you agree ? Give reasons. 5
17. Explain any **five** negative impacts of liberalisation and globalisation on business and industry in India. 5
18. "Controlling helps in achieving objectives of the organisation and improving employees' morale." Explain this statement, in brief. 5
19. Explain any **five** factors which the capital structure of a business enterprise. 5
20. You are a newly appointed finance advisor in a company and found that the company is over-capitalised. The management does not agree with your findings. Convince the management by giving **five** reasons in support of your viewpoint. 5
21. Explain, in brief, any **six** features of planning. 6

OR

Defining 'organisational objectives' is the first step in the process of planning. Explain, in brief, the other steps of this process.

22. Distinguish between formal and informal organisations on the basis of 6
 (i) formation,
 (ii) purpose,
 (iii) structure,
 (iv) behaviour of members,

- (v) stability, and
(vi) adherence to rules. 6

OR

"Authority can be delegated but accountability cannot." Explain the statement.

23. Why is the employees' training necessary in an organisation ? Explain in brief any **six** reasons. 6

OR

Explain, in brief, any **six** steps involved in the selection procedure of employees.

24. Explain the various factors which should be considered before taking decision on the choice of a particular medium of advertising for a product. 6

OR

You are the marketing manager of a company manufacturing toy car. Which media would you choose for advertising your product ? Explain in brief, any **five** reasons in support of your answer.

25. Explain, in brief, any **six** remedies available to consumers under the Consumer Protection Act, 1986. 6

OR

Explain, in brief, any **four** rights of consumers as provided under the Consumer Protection Act, 1986.

QUESTION PAPER CODE 66/1

1. State any two functions of middle-level management. 2
2. What is meant by 'political environment' of business ? 2
3. Enumerate any two functions of a supervisor. 2
4. What is meant by the 'product concept of marketing' ? 2
5. How does marketing help an enterprise to establish a place in the market ? 2
6. An organisation follows the principles of management. What are the adverse effects of each of the following principles of management on the organisation : 3
- (i) Unity of command
- (ii) Order
- (iii) Stability of tenure of personnel

7. Why is leadership considered as the most important element of directing function of management ? Give any three reasons. 3
8. "Managerial functions cannot be carried out without an efficient system of communication." Do you agree ? Give any three reasons in support of your answer. 3
9. Enumerate any three product related factors that should be taken into consideration while taking a decision on the choice of channel of distribution for any product. 3
10. State any three features of personal selling. 3
11. Describe, in brief, Taylor's principles of (i) co-operation, not individualism, and (ii) maximum, not restricted output. 4
12. Define the term 'Organisational Structure' and enumerate any three considerations to be kept in mind while building an organisational structure. 4
13. The workers of a factory are demanding the introduction of time-wage system in place of the existing piece-rate system of wage payment. The management is not prepared to accept this demand of the workers. Why, in your opinion, is the management opposing this demand ? Explain in brief any four reasons. 4
14. "In today's commercial world, the stock exchange performs many vital functions." Do you agree ? Give any four reasons in support of your answer. 4
15. Distinguish between Capital market and Money market on the basis of (i) Liquidity, (ii) Expected Return, (iii) Duration, and (iv) Instruments traded. 4
16. "Management is regarded as a perfect science." Do you agree ? Explain in brief any five reasons. 5
17. Explain briefly any five positive impacts of globalisation and liberalisation on business and industry in India. 5
18. "Controlling helps in financial matters and maintaining and improving quality." Explain this statement, in brief. 5
19. Explain in brief any five factors which affect the requirement of fixed capital of an enterprise. 5
20. You have joined as a finance advisor in a company and found that the company was under-capitalised. The directors of the company do not agree with you as they are ignorant about the meaning of under-capitalisation. Explain to them the

- meaning of 'under-capitalisation' and convince them by giving four reasons in support of your viewpoint. 5
21. Explain, in brief, any six limitations of planning. 6
- OR**
- "Planning is of vital importance in the managerial process." Do you agree ? Explain in brief any five reasons in support of your answer.
22. Distinguish between formal and informal organisations on the basis of (i) Communication, (ii) Flow of authority, (iii) Tenure, (iv) Leadership, (v) Durability, and (vi) Interdependence. 6
- OR**
- Delegation of authority is based on the elementary principle of division of labour." Explain this statement.
23. Why is staffing an important function of management in all organisations ? Explain, in brief, any six reasons. 6
- OR**
- Explain, in brief, any six external sources of recruitment of employees.
24. Explain the major activities involved in physical distribution of goods. 6
- OR**
- You are the advertising manager in a company manufacturing coloured television sets. Which media would you choose for advertising your product ? Explain briefly any five reasons in support of your answer.
25. Explain, in brief, any six reasons as to why consumer protection is needed in India. 6
- OR**
- Explain, in brief, any six responsibilities of consumers to safeguard their interests.

Marking Scheme — Business Studies

General Instructions

1. The Marking Scheme provides general guidelines to reduce subjectivity in the marking. The answers given in the Marking Scheme are suggested answers. The content is thus indicative. If a student has given any other answer, which is different from the one given in the Marking Scheme, but conveys the meaning such answers should be given full weightage.
2. Evaluation is to be done as per instructions provided in the Marking Scheme.
3. If a question has parts, please award marks in the right hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left hand margin.
4. If a question does not have any parts, marks be awarded in the left-hand margin.
5. If a candidate has attempted a question twice, marks obtained in the question attempted first should be retained and the other answer should be scored out.
7. There are few questions on distinction between two concepts. In such questions, sometimes some students give one aspect of the difference correctly and the other is either wrong or not given at all, no mark should be given for such point.
8. In case of choice-type questions, if an examinee attempts both the choices, assess the choice attempted first.
9. In case of choice-type questions, if the question ask for two features/ characteristics / points 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.
10. It is expected that the Marking Scheme should be followed objectively to avoid over-strict tendency in marking. For instance, if an examinee scores 30 marks, his/her marks should not be inflated to 33 simply to pass him/her.
11. Marks should be awarded keeping in view the total marks of that 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 ear-marked for this answer. This must be avoided.
12. A full scale of marks 0-100 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes answer upto the mark, his/her marks should not be deducted unnecessarily.

QUESTION PAPER CODE 66/1/1

EXPECTED ANSWERS/VALUE POINTS

A-1. Function of top-level management : (Any two)

1. To determine the objectives of the organization.
2. To Frame policies.
3. To Organise activities to be performed.
4. To Assemble the required resources.
5. To Control and monitor the planned performance.

1 mark for each correct point.

1×2 = 2 Marks

A-2. Economic Environment of Business includes : (Any four)

1. Gross national product
2. Corporate profits
3. Inflation rates/ Price level changes
4. Productivity
5. Employment rates
6. Balance of payment

½ mark for each correct point.

½×4 = 2 Marks

A-3. The features of directing are : (Any two)

1. It is a pervasive function.
2. It is an ongoing activity.
3. It relates to human factor.
4. It is result oriented

1 mark for each correct feature.

1×2 = 2 Marks

A-4. Production concept of marketing implies :

- Lowering the cost of production
- Mass production and distribution.

1 mark for each correct point.

1×2 = 2 Marks

A-5. Marketing helps a firm to build goodwill in the market by :

1. Selling quality products
2. Reasonable price
3. Popularizing the products
4. Providing convenient outlets

½ mark for each correct point.

½×4 = 2 Marks

A-6. Positive effects of following the principles of management :

Scalar Chain : (Any one)

- Clearly defined chain of command and chain of communication.
- Specify Authority, responsibility relationship.

Equity : (Any one)

- Loyalty and devotion of personnel is ensured.
- Positive Motivation.
- Team spirit and enthusiasm.

Division of Work : (Any one)

- Benefit of Specialization.
- Increased productivity.

1 mark for each correct point in each principle .

1×3 = 3 Marks

A-7. Motivation improves the efficiency of workers by : (Any three)

- Infusing the willingness to work
- Bridging the gap between ability and willingness to work
- Being goal oriented
- Inducing people to work better

1 mark for each correct point.

1×3 = 3 Marks

A-8. Yes, I agree with the statement because of the following reasons :

1. Manager is a part of the formal organization; Leader may be outside formal organization.
2. Manager focuses on organizational goals; Leaders are concerned about aspirations and expectations of followers
3. Manager has formal authority; Leaders have accepted authority.

1 mark for each correct reason.

1×3 = 3 Marks

A-9. Various market related factors that should be taken into consideration while taking a decision on the choice of channel of distribution for any product are as follows : (Any three)

- Geographic concentration
- Size of Market
- Nature of market
- Quantity of purchase

1 mark for each correct point.

1×3 = 3 Marks

A-10. Objectives of sales promotion are : (Any three)

1. Increase in sales volume.
2. Increase in new customers.
3. Enhanced repeat buying/purchasing by the customers.
4. Creating awareness about the product.
5. Gaining shelf space by devising special promotion schemes.
6. Block competition.

1 mark for each correct point.

1×3 = 3 Marks

A-11. Taylor's principle of Science not the rule of thumb should include any two points from the following :

- Scientific enquiry and not intuition, experience or hit and miss methods
- Thinking before doing
- Exact measure of effort and output so as to determine fair day's work
- Use of scientific management techniques

Taylor's principle of Harmony not discord should include any two points from the following :

- Mutual give and take
- Complete mental revolution of both managers and workers
- Enlightened attitude of managers
- Discipline and loyalty on part of the workers.

1 mark for each correct point with explanation.

2 × 2 = 4 Marks

A-12. **Definition :** Organizing refers to the process of identifying and grouping various activities and bringing together physical, financial and human resources and establishing productive relations among them for the achievement of specific goals. (OR Any other suitable definition)

Steps of Process :

1. Division of work.
2. Grouping jobs and departmentation.
3. Establishing authority relationships.

[Note: ½ mark to be deducted for improper sequence]

1 mark for definition and 1 mark each for correct step of process.

1+1×3 = 4 Marks

A-13. Justifications to accept the demand of introduction of time rate system of wage payment in place of the existing piece rate system of wage payment are :

Time-rate system is :

- Simple to calculate and understand
- Guarantees minimum remuneration improving employee morale

- ❑ Greater attention improves quality
- ❑ Steady pace reduces damage or rough handling of machines etc.
- ❑ Requires less administrative attention

Justification for rejecting piece rate system :

- ❑ Quality and safety may be endangered by quantity requirements
- ❑ Decreases worker efficiency and health
- ❑ Difficult to determine the cost in some situations

*[Note : an examinee may give four reasons in favour of the time rate system. **OR** Four reasons for rejecting Piece rate System **OR** a combination of both, i.e. for any four correct reasons in favour of introducing time rate should be awarded full marks.]*

1 mark for each correct explanation.

1×4 = 4 Marks

A-14. Yes, SEBI is the watchdog of the securities market due to following reasons :

1. It prohibits fraudulent and unfair trade practices
2. It prohibits insider trading
3. It undertakes steps to educate investors
4. It promotes fair practices and a code of conduct.

1 mark for each correct point with explanation.

1×4 = 4 Marks

A-15.	Basis	Capital Market	Money Market
	Participants	Capital institutions, banks, corporate entities, foreign investors and ordinary retail investors.	RBI
	Instruments traded	Equity shares, Debentures bonds, preference shares etc.	T-bills, trade bill, reports, commercial papers and certificate of deposit.
	Invesment Outlay	Not necessarily require a huge financial outlay.	Requires huge sums of money.
	Safety	Risky	Much safer

1 mark for each correct difference.

4 Marks

- A-16. No, I don't agree with the given statement Profession is an occupation :
- (i) Backed by specialised well defined body of knowledge and training.
 - (ii) To which entry is regulated by a representative or professional association.
 - (iii) Having statutory or formal ethical code of conduct.
 - (iv) Involves professional fees.

Management can not be regarded as a fully developed profession because of the following reasons :

- There is no statutory ethical code of conduct.
- There is no compulsory and exclusive membership of any association
- No examination or education to restrict entry

1 mark for Disagreeing.

1 mark for suitable explanation of profession.

3 marks for reasons.

1+1+3 = 5 Marks

- A-17. The negative impacts of liberalization and globalization are : (Any five)

1. Threats from MNCs
2. Corporate vulnerability
3. Destabilization of protective environment
4. Increased competition
5. Fast changing technology
6. High obsolescence of material resources
7. High Labour turnover
8. Threat to indigenous culture & values

1 mark for each correct point with explanation.

(1/2 mark for naming each point without explanation)

1×5 = 5 Marks

- A-18. **Controlling helps in achieving objectives by determining whether :**

- The plans are being implemented
- There is any progress towards achievement of objectives
- There is any deviation between actual and desired results
- There is any need to revise the existing plans

Controlling helps in improving employees' morale by :

- Creating an atmosphere of order and discipline
- Making employees aware of their duties and expected standards of performance
- Reducing careless and negligent working of employees

2½ marks for correct explanation of each.

2½×2 = 5 Marks

A-19. The various factors which affect the capital structure of a business enterprise are as follows: (Any five)

1. Financial leverage
2. Cash flow ability
3. Control
4. Flexibility
5. Market conditions
6. Floatation costs
7. Legal framework
8. Nature of business
9. Period and purpose of financing

1 mark for each correct point with explanation

(½ mark for naming each correct point without explanation)

1×5 = 5 Marks

A-20. The reasons for convincing the management that the company is over-capitalised are : (Any five)

- Amount of capital invested exceeds real value of assets
- Fair returns are not realized on capital employed
- More net assets than those required by business
- Fall in market value of shares because of reduced earning
- Adverse credit standing
- Loss of goodwill and reputation.

1 mark each for correct point with explanation. (½ mark for listing each correct point without explanation.)

1×5 = 5 Marks

A-21. The features of planning are as follows : (Any six)

- Contributes to objectives
- Primacy of planning
- Forward looking
- Pervasiveness
- Efficiency of operations
- Involves choice
- Continuous process
- Intellectual process

1 mark for each correct point with explanation (maximum 6 points)

1×6= 6 Marks

OR

Other steps in the process of planning are :

1. Stating alternative ways of reaching objectives
2. Developing premises
3. Choose the alternatives
4. Formulation of supporting plans to pursue the objectives
5. Put the plans into action
6. Follow up

1 mark for each correct point with explanation.

(½ mark for listing each correct point without explanation)

1×6 = 6 Marks

A-22.

Basis	Formal Organization	Informal organization
Formation	Deliberate	Spontaneous
Purpose	Planned organizational goals	Satisfy social and cultural needs.
Structure	Well defined	Complex network of relations
Behaviour of members	Standards are prescribed and enforced by the management.	Evolved by mutual consent (Group norms)
Stability	Stable	Unstable
Adherence to rules	Violation leads to penalties	Violation leads to social disapproval.

1 mark for each correct difference.

1×6 = 6 Marks

OR

Authority is a sum of powers and rights to use financial materials & human resources as well as a right to decide to act or not to act.

Accountability is the obligation to carry out the assigned task or duties.

Delegation is the entrustment of powers and rights of authority to be exercised.

A manager can pass on his authority to subordinates however he does not stop being answerable to his superiors. He cannot abdicate his accountability.

½ marks for each correct explanation of delegation, authority, accountability and conclusion.

1½×4 = 6 Marks

[If an examinee explains the statement by giving suitable example and establishes the relationship between the two concepts due weightage should be given]

A-23 Employees training is necessary because it : (Any six)

- Reduces learning time
- Improves performance
- Moulds/improves employee attitude
- Aids in solving operational problems
- Manages manpower needs
- Benefits the employees

1 mark for each correct point with explanation (½ mark for each correct point without explanation.)

1×6 = 6 Marks

OR

The steps in the selection process are : (Any six)

- Scrutiny of applications received.
- Preliminary interview
- Specialized application form
- Testing
- Interview
- Checking references
- Medical examination

1 mark for each correct step with explanation (½ mark for each correct step without explanation)

1×6 = 6 Marks

A-24. The various factors to be considered on choice of a particular medium are :
(Any six)

- Reach/ Coverage
- Frequency
- Qualitative value
- Selectivity
- Flexibility
- Cost
- Editorial environment
- Permanence of the medium
- Nature of the product
- Nature of the market
- Life of the advertisement
- Competitors' approach

1 marks for each correct point with explanation (½ mark for each correct point without explanation)

1×6 = 6 Marks

OR

- (i) Print media – like Newspaper, Magazines, Journals etc.
- (ii) Audio – Audio Visual media - like Radio, Television etc.
- (iii) Outdoor advertising – like Hoarding, Posters, etc.

The reasons for choice of any media of advertising may be on the following lines : (Any five)

- Reach coverage
- Frequency
- Qualitative value
- Selectivity
- Flexibility
- Cost
- Editorial environment
- Permanence of the medium
- Nature of the product
- Nature of market
- Life of the advertisement
- Competitors approach

1 mark for naming any one/more media.

1 mark for each correct reason. 1×5

(Whether reason relates to one medium or more without repetition) 1+5 = 6 Marks

A-25. The remedies available to consumer under the Act are : (Any six)

- Removal of defects from the goods
- Replacement of the goods
- Refund of the price paid
- Compensation for loss/injury
- Removal of deficiency in services
- Discontinuance of unfair trade practices and restricted trade practice
- Stopping the sale of hazardous goods
- Withdrawal of hazardous goods from being offered for sale
- Payment of adequate costs to parties

1 mark for each correct point.

1×6 = 6 Marks

OR

The rights of consumers under the Act are : (Any four)

- Right to safety
- Right to information
- Right to choice
- Right to be heard
- Right to seek redressal
- Right to consumer education.

1½ mark for each correct right with explanation (½ mark for naming each correct right without explanation)

1½×4 = 6 Marks

QUESTION PAPER CODE 66/1

EXPECTED ANSWERS/VALUE POINTS

A-1. Functions of middle level management are : (Any two)

1. Interpretation of policies framed by top management.
2. Preparing organizational set up in their departments for fulfilling the objectives implied in various business policies.
3. Finding out the suitable operative and supervisory personnel and assigning duties and responsibilities to them for the execution of the plans of the departments concerned.
4. Compiling detailed instructions regarding operations and issuing them to the assistants and operatives to focus and guide their efforts accordingly
5. Motivating the personnel for higher productivity and rewarding them for their merit, capacity or caliber.
6. Cooperating with other departments so as to ensure smooth functioning of the organization.
7. Collecting reports, statistical information and other records about the work turned out in respective departments and forwarding the same with their observations to the top management, and
8. Recommending to the top management new or revised policies for their departments to secure better performance.

1 mark for each correct point.

1×2 = 2 Marks

A-2. Political environment means : (Any four)

- The type of government in existence.
- Governmental attitude towards various industries.
- Lobbying efforts by interest groups.
- Progress towards the passing of losses.
- Platforms of political parties.
- The predisposition of candidates running for office.

(Or any other relevant point)

1/2 mark for each correct point.

1/2×4 = 2 Marks

A-3. Functions of a supervisor are : (Any two)

1. Ensures issuing instructions.
2. Facilitates control.
3. Optimum utilization of resources.
4. Maintenance of discipline.
5. Feedback.
6. Improves communication.
7. Improves motivation.

1 mark for each correct point.

1×2 = 2 Marks

A-4. The meaning of Product concept of marketing should include the following points :

- The way to realize business goals lies in making products that are of high quality.
- The firms following this concept direct their efforts into making superior products and improving them over time.

1 mark for each correct point.

1×2 = 2 Marks

A-5. Marketing helps an enterprise to establish a place in market by : (Any two)

- Using various promotional methods to make the goods popular.
- Keeping in mind the demands of customers.
- Reasonable price and quality.

1 mark for each correct point.

1×2 = 2 Marks

A-6. ***Three marks should be awarded to each examinee whether he/she attempted the question or not.***

3 Marks

A-7. Leadership is considered as the most important element of directing function of management due to the following reasons : (Any three)

1. Helps in guiding and inspiring employees.
2. Secures cooperation of members of organization.
3. Creates confidence.
4. Improves productivity.
5. Improves job satisfaction.
6. Enhances group cohesion.

1 mark for each correct reason.

1×3 = 3 Marks

A-8. Yes, managerial functions cannot be carried out without an efficient system of communication due to the following reasons : (Any three)

1. Gains commitment of employees to organizational objectives.
2. Provides data necessary for decision-making.
3. Classifies task responsibilities and authority positions.
4. Improves acceptance of organizational rules by subordinates.
5. Helps in the process of motivation and morale.

1 mark for each correct point with explanation.

(½ mark for each correct point if explanation is not given)

1×3 = 3 Marks

A-9. Various product related factors that should be taken into consideration while taking a decision on the choice of channel of distribution for any product are as follows: (Any three)

1. Unit value of the product
2. Product complexity
3. Nature of product
4. Perishability of the product

1 mark for each correct point.

1×3 = 3 Marks

A-10. The following are the important features of personal selling : (Any three with statements)

1. Personal interaction
2. Two way communication
3. Better response
4. Relationship

1 mark for each correct point with Statement.

(½ for each correct point without statement.)

1×3 = 3 Marks

A-11. (1) **Cooperation, not individualism :**

- It should be based on mutual confidence and sense of goodwill.
- While setting standards employees who are supposed to perform be involved in that process.

(2) **Maximum, not restricted output :**

- On no ground production is to be curtailed or productivity allowed to decrease.
- Management and labour have a common interest in increasing productivity.

OR

The conflict between management and labour may be resolved by increasing the size of the surplus so that each side can have larger share.

1 mark for each correct point with explanation.

2 + 2 = 4 Marks

A-12. The term organization structure may be defined as a system of job positions, the roles assigned to them and the authority relations among the various positions. (or any other suitable definition)

Various considerations to be kept in mind are as follows : (Any three)

1. Job designs
2. Departmentation
3. Span of control
4. Delegation of authority

1 mark for definition and 1 mark for each correct point.

1 + 1×3 = 4 Marks

A-13. The management is not prepared to accept the demand of introduction of time wage system in place of the existing piece rate system of wage payment. In my opinion the resistance from the side of management may be due to the following reasons : (Any four)

1. Lack of incentives to reach a reasonable level of work
2. Time rate system seldom rewards the excellent workers in proportion to their output.
3. There are no incentives to improve methods and procedures.
4. There is a need for constant supervision.
5. Tendency of workers to go slow, hence production suffers.

Alternatively :

The management is more inclined towards Piece-rate system of wage payment due to : (Any four)

1. It eliminates the tendency of workers to go slow as remuneration is directly linked to output.
2. Reduction in cost of supervision.
3. Rewards for better performers.
4. Motivates towards higher productivity.

1 mark for each correct explanation

(½ for each correct point without statement.)

1×4 = 4 Marks

A-14. Yes , I agree with the statement that in today's commercial world stock exchange performs many vital functions which are as follows : (Any four)

1. Liquidity
2. Valuation of securities
3. Better allocation of capital
4. Promotes the habit of saving and investment
5. Safety of dealing

1 mark for each correct point with explanation

(½ for each correct point without explanation.)

1×4 = 4 Marks

A-15. Distinction between Capital market and Money Market :

Basis	Capital Market	Money Market
Liquidity	Capital Market securities are liquid as they are easily saleable on Stock Exchange but a share may not be actively traded	Money market instruments enjoy a higher degree of liquidity.
Expected Return	Higher return as compared to money market.	Lower return as compared to capital market.
Duration	Medium and Long-term Securities.	From one day to one year.
Instruments Traded	Equity shares, debentures, bonds, preference shares etc.	T-bill, trade bill, commercial paper and certificates of deposits

1 mark for each correct difference.

1×4 = 4 Marks

A-16. Management can not be regarded as a perfect science because of the following reasons : (Any five reasons)

1. The science of management is related to human beings and their conduct is subject to constant changes hence no principle like that of Physics or Chemistry can be given with respect to human behavior.
2. Principles of Management are affected by time, situation and the nature of man.
3. Managerial decisions stress on result oriented action rather than simple truth.
4. In science, accurate measuring instruments and tools are available but a manager is forced to use relative measurement where absolute measurement is not possible or feasible.
5. Standard training/experience cannot be given to the managers in using methods of management.

1 mark for each correct reason.

1×5 = 5 Marks

A-17. Positive Impacts of globalisation and liberalisation on business and industry in India are : (Any five)

1. Opportunities to new entrepreneurs.
2. Latest technology became available.
3. Opening up of foreign markets.
4. Freedom to expand and diversify.
5. Easy imports of capital goods.
6. Easy inflow of foreign capital.
7. Control on prices removed.
8. Direct investment by Indian companies abroad.
9. Increase in foreign trade.
10. Restructuring of industries.
11. Changed attitude of labour union.
12. Buyers' market

1 mark for each correct point with explanation (1/2 for each correct point without statement.)

1×5 = 5 Marks

A-18. **Controlling helps in financial matters.**

Explanation should include **any two** of the following :

- Budgetary control
- Financial statement analysis
- Remedial action can immediately be taken

Controlling helps in maintaining and improving quality

Explanation should include **any two** of the following :

- ❑ Efficient use of resources
- ❑ Minimizing cost
- ❑ Screening the quality of raw materials
- ❑ Inspection of final product

2½ marks for correct explanation.

2½×2 = 5 Marks

A-19. The various factors which affect the requirement of fixed capital of an enterprise are as follows : (Any five)

1. Risk involved
2. Nature of business
3. Spread of business activities
4. Use of machines
5. Availability of fixed assets on rent
6. Amount of fixed part of current assets
7. Cash flows of the project
8. The rate of return
9. The investment criteria involved
10. The rate of interest prevailing in the market
11. Nature of investment proposal.

(If any of these points are clubbed, the examinee is to be given full credit) 1 mark for each correct point with explanation (½ for each correct point without statement.)

1×5 = 5 Marks

A-20. **Meaning of Under Capitalization :** The rate of profits earned on capital invested is higher than prevailing rate of return of other firms in the same industry.

Reasons for under capitalization are :

1. Excessive rate of profit.
2. Higher market value of shares.
3. Creation of excessive secret reserves.
4. Increase in competition.
5. Employee dissatisfaction and labour unrest.

1 mark for definition and 1 mark each for correct point with explanation.

1+1×4 = 5 Marks

A-21. The limitations of planning are as follows: (Any six)

1. Lack of accuracy.
2. Costly in terms of time and money.
3. Adverse effect on initiative.
4. Delay in actions.
5. Psychological barriers.
6. Limited flexibility.
7. Human elements.
8. Limited practical value.

1 mark for each correct point with explanation.

(½ mark for each correct point without explanation.)

1×6 = 6 Marks

OR

Yes, I agree with the statement.

The importance of planning in the managerial process become clear on the basis of following facts : (Any five)

1. Offsetting uncertainty and change.
2. Focusing attention on objectives.
3. Gaining economical operation.
4. Establishing coordinated efforts.
5. Encouraging innovation and creativity
6. Facilitating control.

1 Mark for agreeing with the statement.

(½ Mark for each correct point without explanation and 1 mark each for correct point with explanation.)

1 + 1 × 5 = 6 Marks

A-22. Distinction between formal and informal organization :

Basis	Formal Organization	Informal organization
Communication	Formally established official lines of communication.	Based on convenience.
Flow of Authority	Moves from top to bottom.	No particular direction.
Tenure	Stable tenure	Instable tenure.
Leadership	Managers are leaders by virtue of their higher posts.	Leaders are chosen.
Durability	More	Less
Interdependence	Formal organizations are independent.	These are based on formal organization.

1 mark for each correct difference.

1×6 = 6 Marks

OR

Division of work :

Work should be divided into small tasks. Each employee should be trained in the job that he has to perform. This process is called division of labour. This is based on the principle of specialization.

Delegation of authority :

Delegation is an important part of management process. It is needed when a manager is not in a position to perform his functions himself because of excessive workload.

If we study the principle of division of labour we come to know that the basic purpose of the principle is the same as delegation of a authority. For the successful work performance it is essential to give authority to the subordinates.

2 marks for principle of division of labour

2 marks for Delegation of Authority

2 marks for conclusion (Or 3 + 3 for correlating both)

2+2+2 = 6 Marks

A-23. Staffing is an important function of management in all organisations. The reasons are as follows : (Any six)

1. Involve heavy investment cost
2. Holistic approach
3. Long term effect
4. Potential contribution
5. Costs may surpass investments due to negative return
6. Multiplier effect
7. Effective utilization of other resources
8. Key to other managerial functions
9. Provides right job to right man
10. Discovering talented and competent employees
11. Helps to face the complexities of human behaviour
12. Building a sound human organization
13. Development of human resources

1 mark for each correct point with explanation (1/2 for each correct point without statement.)

1×6 = 6 Marks

OR

The external sources of recruitment are : (Any six)

1. Waiting lists
2. Recommendation of present employees
3. Notices exhibited in the workshop, offices etc.
4. Employment exchanges.
5. Re-employing the former employees.
6. Educational institutes.
7. Advertising the vacancies.
8. Trade Union.
9. Labour contractors/ Placement agencies.
10. Recruitment at Factory gate.

1 mark for each correct source with explanation (1/2 for each correct point without explanation)

1×6 = 6 Marks

A-24. The major activities involved in the physical distribution of goods are as follows:

1. Transportation.
2. Inventory.
3. Warehousing.
4. Order processing.

1/2 marks for each correct point with explanation (1/2 for each correct point without explanation)

1/2×4 = 6 Marks

OR

- (i) Print media – like Newspaper, Magazines, Journals etc.
- (ii) Audio–Audio Visual media – like Radio, Television etc.
- (iii) Outdoor advertising – like Hoarding, Posters etc.

The reasons for choice of any media of advertising may be on the following lines : (Any five)

- Reach/coverage
- Frequency
- Qualitative value
- Selectivity
- Flexibility
- Cost
- Editorial environment

- ❑ Permanence of the medium
- ❑ Nature of the product
- ❑ Nature of market
- ❑ Life of the advertisement
- ❑ Competitors approach

1 mark for naming any one/more media.

1 mark for each correct reason.

(Wether reason relates to one medium or more without repetition) 1+1×5 = 6 Marks

A-25. Consumer protection is needed in India because of the following reasons :

(Any six)

1. Business is a means of human welfare.
2. Growth with social justice.
3. Single versus multiple objectives/Economic Vs Social Objective
4. Stake holder approach/As consumer is one of the stakeholders.
5. Power center
6. Self interest
7. Customer is the purpose of the business
8. Ethical obligations
9. Public support
10. Principle of trusteeship

1 mark for each correct point with explanation (½ mark for each correct point without explanation.)

1×6 = 6 Marks

OR

The responsibilities of consumers to safeguard their interests are : (Any six)

1. Consumer must exercise his rights.
2. Cautious consumer
3. Filing complaint for the redressal of genuine grievances
4. Consumer must be quality conscious
5. Advertisement often exaggerate
6. Insist on cash memo

1 mark for each correct point with explanation (½ mark for each correct point without explanation.)

1×6 = 6 Marks