

विषय Subject: Business Studies (054)

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Medium of answering the paper : English

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सीनियर स्कूल सर्टिफिकेट परीक्षा (कक्षा बारहवीं)
SENIOR SCHOOL CERTIFICATE EXAMINATION (CLASS XII) केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली
CENTRAL BOARD OF SECONDARY EDUCATION, DELHI



प्रमाणित किया जाता है कि मैंने इस उत्तर-पुस्तिका का मूल्यांकन प्रश्न पत्र के समुचित सेट के अनुसार
किया है।

Certified that I have evaluated this answer book according to the correct set of question
paper.

Q1. Contribution of gene map:

- They helped in the sequencing of human genome.
- They helped by giving necessary details to scientist about how 'polymorphism' was executed.

They also helped in determining the genetic variations exhibited by the population and hence helped in determining how the distribution of characters were present in the community.

Q2. Organisms have to pass through a 'juvenile phase' or 'vegetative phase' before reproduction.

Q3. 'Selectable markers' are the DNA sequences present in the vector DNA which help us to distinguish between the 'transformants' & the 'non transformant' cells of the host organism.

e.g. ampicillin & tetracycline resistance gene in ϕ BR322.

Ans 3 | Financial management is concerned with optimum procurement and usage of finance. It focuses on minimising cost of procurement, keeping risk under control, achieving effective deployment of finance and avoiding idle finance.

Ans 4 | Direction is an executive function of management as if it is initiated at the top level of the organisation and flows downwards through organisational hierarchy. It involves instructing subordinates for effective accomplishment of goals.

Ans 5 | Four general forces are :

- i) Social forces - customs, traditions and values
- ii) Legal forces - Consumer Protection Act 1986.
- iii) Economic forces - Inflation rate
- iv) Political forces - Policies of elected government.

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Ans 6] Opportunities refer to positive, external trends or changes which help a business to improve its performance.

Example : Maruti Udyog identified the opportunity for launching a small car in the Indian market due to rising petroleum prices and a large middle class population in India.

Ans 7] 'Mental Revolution' implies that a change in attitude and mindset of workers and management towards each other from competition to cooperation. They should transform their thinking and maximise the output, not restrict it.

Ans 8 SCIENTIFIC DECISIONS:

Principles of management facilitate thoughtful decision making and ensure that it is free from any bias and prejudice, rather it is based on objective assessment of the situation. They emphasise logic not blind faith.

Ans 9 Two social objectives of management are :

- i) Using environment friendly techniques of production.
- ii) Providing employment opportunities to disadvantaged sections of the society.

Ans 10 Middle Level of Management.

He was also responsible to ensure that his department had necessary personnel and assign

duties and responsibilities to them for achieving the goals of the organisation.

He was also responsible for the first-line managers.

Ans 11 - Marketing helps in survival and growth of a firm.

- It helps business and non-business organisations to achieve its objectives in a cost effective manner.
- It emphasises that customer satisfaction is the key to profit maximisation in a contemporary competitive marketing environment.
- It ensures that customers are the focal point for all decisions and activities of the firm.
- It helps them to identify the needs of the customers, the price and channel of distribution preferred by them and helps them to satisfy their needs.

• A satisfied customer is the most valuable asset for a firm.

CONCLUSION: Marketing emphasises that a satisfied customer is the most valuable asset for a firm and helps in long-run profit maximisation.

Ans 12] Three qualities of a good leader are:-

- i) KNOWLEDGE: A leader should have high level of knowledge and competence. Only then can he influence and instruct the subordinates correctly.
- ii) INTEGRITY: A leader should have integrity and honesty. He should be a role model to others in terms of ethics and values.
- iii) INITIATIVE: A leader should have initiative.

and courage. He should not wait for opportunities to come his way, but grab them and use them for the benefit of the organisation.

Ans 13

TABLE SHOWING DIFFERENCES

BASIS	OBJECTIVE	STRATEGY
i) Meaning	They are the ends management seeks to achieve by its activities. They are the <u>end result</u> of activities or end points of planning.	They define the broad contours of an organisation, as they are future decisions affecting the <u>scope</u> and <u>direction</u> of the business in the long run.
ii) AIM	They serve as a	It is a comprehensive

BASIS	OBJECTIVE	STRATEGY
	guide to overall business planning. They give direction to managerial decision and action.	plan for the purpose of achieving predetermined objectives.
MANAGERIAL LEVEL	They are framed by the top management Example: The objective of a business is to increase its market share from 10% to 20%.	Every department or unit in the organisation can have a strategy. Example: Marketing strategy. It deals with - who are the customers? what is the demand? who are the competitors.

Ans 14] Government's policy of liberalisation, privatisation and globalisation has had the following impacts on business and industry:

i) INCREASING COMPETITION

As a result of change in the rules of industrial licensing and entry of new firms in the market, competition has become intense especially in the service sector like:

→ airlines

→ telecommunication

→ banks and insurance companies, which were earlier in the public sector.

ii) MORE DEMANDING CUSTOMERS:

Customers have become more demanding as they have become well informed. Due to increasing competition, they have wider range of good quality products to choose from.

CONCLUSION:

This has forced Indian business and industry to improve quality to survive in the market.

Ans 15] Advantages of external sources of recruitment are as follows:-

i) QUALIFIED PERSONNEL:

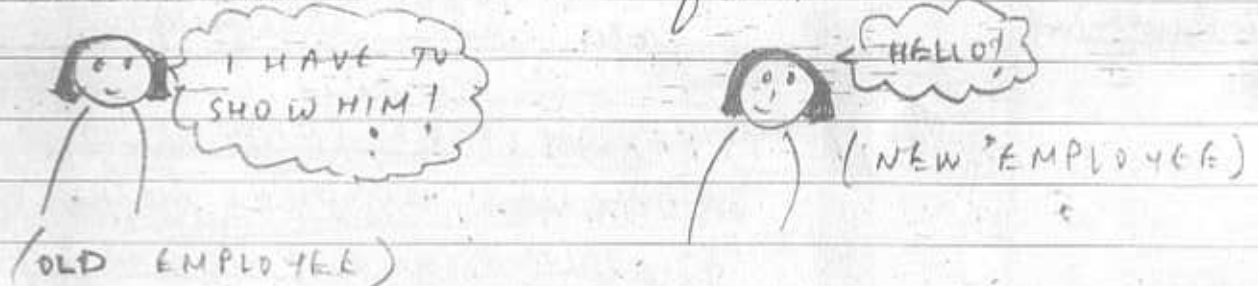
External sources helps an organisation to attract qualified and trained personnel to apply for vacant jobs in the organisation. The existing employees may be not fulfil the criteria for the job.

ii) COMPETITIVE SPIRIT:

When an organisation takes external sources, the existing workforce have to compete with outsiders. They work harder to improve performance.

ii) WIDER CHOICE

When the vacancies are advertised widely many people from outside the organisation apply. This gives a manager a wider range of candidates to choose from.



COMPETITIVE SPIRIT

Ans 16 ~~Notes~~ Planning is deciding in advance what to do and how to do. It

LIMITATIONS of planning are:

i) PLANNING IS EXPENSIVE:

Planning is very costly. Detailed plans

require scientific calculations to ascertain facts and figures. They costs incurred do not justify the expenses involved. They are many preliminary expenses like

- board room meetings
- discussion with professional expert
- preliminary investigation to check the viability of the plan.

ii) PLANNING DOES NOT GUARANTEE SUCCESS:

Planning is successful only if it is acted upon or implemented in time. Managers should not rely on previous successful plans as situations are not identical and there are many unknown factors to be considered.

iii) PLANNING LEADS TO RIGIDITY:

In an organisation well defined plans are drawn with specific objectives that define future course

of action. Managers are not allowed to deviate from it. They should be given the right to modify plans so that it works in a changed environment.

iv) PLANNING DOES NOT WORK IN A DYNAMIC ENVIRONMENT.

Business environment is constantly changing. It is difficult to accurately assess future trends when there is change in government policy or a natural calamity. Planning cannot foresee everything.

CONCLUSION: Planning has to be used with ~~Ans 17~~ caution but is not a useless tool.

Ans 17 3) Setting performance standards:
Directly, we have to set standards for

performance. These are benchmarks towards which we strive to achieve. standards can be quantitative (number of units to be produced) or qualitative (improving motivation of employees) flexible standards should be set in light of changing environment.

ii) MEASURING PERFORMANCE:

Performance should be measure in an objective and reliable manner and in the same units in which standards were set. This will make comparison easier. Methods of measuring performance are:

- Sample survey
- Performance report
- Personal observation.

iii) COMPARISON OF PERFORMANCE WITH STANDARD:

This step will reveal reveal deviations.

Standard = 10 units

Actual work = 8 units

Deviation = 2 units (10 - 8)

iv) ANALYSING DEVIATIONS:

We have to analyse those deviations which go beyond the permissible limit, especially in significant areas using -

→ critical point control

→ management by exception.

Cause: Unrealistic standards; defective process etc.

v) TAKING CORRECTIVE ACTION:

corrective action is required for only those deviations which go beyond permissible limit.

Example: Training employees if production target was not achieved.

Ans 18] Steps in the organisation process are:

i) IDENTIFICATION AND DIVISION OF WORK:

Work has to be divided into small, manageable units according to predefined plans. This prevents duplication and reduces workload on the employees.

ii) DEPARTMENTALISATION:

Once work has been divided into small units, we have to group work of similar nature into departments. Such sets facilitate specialisation. This grouping process is called departmentalisation. Example: departments are formed according to territory (north, south).

iii) ASSIGNMENT OF DUTIES:

We have to define the work of each job position and allocate work to each employee in it.

department according to their skills and competencies. There should be a match between nature of work allotted and skill of the employee.

iv) ESTABLISHING REPORTING RELATIONSHIPS:

Allocating work is not enough. Employees should not only be responsible to and whom should they take orders from. This will create a hierarchical structure and clarify lines of authority and responsibility.

Ans 19] Securities and Exchange Board of India has the following objectives:

i) REGULATE STOCK MARKET:

To regulate stock market and securities industry and to promote their orderly functioning.

ii) INVESTOR PROTECTION:

To protect the rights and interests of investors, particularly individual investors and to guide and educate them.

iii) PREVENT UNFAIR TRADE PRACTISES:

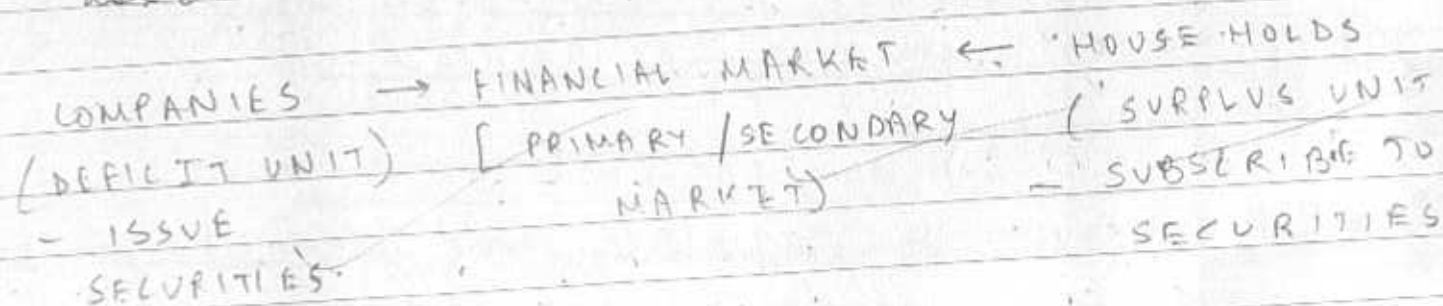
To prevent unfair trade practices (eg - insider trading) and to achieve a balance between self-regulation by securities industry and its statutory & regulation.

iv) DEVELOP CODE OF CONDUCT:

To regulate and develop an ethical code of conduct and ensure fair practices from intermediaries to make them more competitive and professional.

Ans 20 A financial market is a market for creation and exchange of financial assets.
 • It exists whenever there is a financial transaction.

Example: Creation of new financial assets to like new issue of shares and debentures or purchase and sale of existing financial assets like shares, debentures and bonds.



FUNCTIONS of a financial market are:

i) FACILITATING PRICE DISCOVERY:

In a financial system, households represent supply of funds and firms represent demand for

finds. Interaction between these two forces helps to determine price of a security being traded in that market.

ii) REDUCING COST OF TRANSACTIONS:

Financial markets provide valuable information about securities to buyers and sellers and save their time, money and effort in searching for others. It helps them to enter into transaction and fulfil their individual needs.

Ans: 2) The process of staffing involves the following steps:-

i) ESTIMATING MAN POWER REQUIREMENTS:

We have to analyse the number and type of persons required to perform various jobs in the organisation and also the number and type

available.

ii) RECRUITMENT :

We have to ~~select~~ search for potential job candidates with desirable qualifications in adequate number and stimulate them to apply for jobs.

iii) SELECTIONS :

We have to identify and choose the best candidate among the pool of prospective candidates to ensure that the organisation gets the best and enhance the prestige of these selected.

iv) PLACEMENT AND ORIENTATION :

We have to introduce the employee to his/her superior / subordinates and give him a brief presentation about the company. Placement refers to the chosen candidate occupying the

post for which he was selected.

v) TRAINING AND DEVELOPMENT:

Managers should facilitate employee learning through in-house training institutes or forayed alliances with training centres. This will help employees to develop their skills and acquire promotions.

vi) PERFORMANCE APPRAISAL:

The employees should know the standards against which their performance will be measured. The superior can use personal observation or any method to evaluate their past/current performance and also provide them with feedback.

vii) PROMOTION AND CAREER PLANNING:

Managers should cover career related issues and promotional avenues for employees as it will act as a tonic and helps them to improve.

performance

viii) COMPENSATION : Organisations have to establish wage and salary plans for the employees. Compensation can be time based (monthly, annually) or performance based (according to piecework). It refers to all rewards and pay going to employees. It can be direct financial payment like salary or indirect payment like employer paid ~~vacations~~ vacations.

Ans 2) Management cannot be called a full fledged profession because :

i) NO RESTRICTED ENTRY :

There is no restriction on anyone being appointed or designated as a manager. They don't have to possess valid degrees. But

training and knowledge is a desirable qualification as there is greater demand for those who have degrees from reputed institutes.

ii) NO PROFESSIONAL ASSOCIATION:

Although there are associations of managers in India like AIMA (All India Management Association), it is not compulsory for managers to become its members nor does it have any statutory backing.

iii) NO CODE OF CONDUCT: Since there is no statutory association for managers, there is no prescribed code of conduct that has to be followed by managers.

iv) NO SERVICE MOTIVE: The main motive of management is to help the organisation to achieve its objective, that is, profit maximisation. However, nowadays, it also focuses on creating benefit for the

society as and fulfil social responsibility.
 Management has some criteria common with
 profession as it is a well defined body of
 knowledge which can be acquired through
books, journals and educational institutes.

Ans 23 EQUITY :

- Good sense and fairness experience is required
 to treat employees fairly who deserve to be
 treated as fairly as possible
- It emphasises justice and kindliness in behaviour
 of superior towards subordinates, which will
 ensure their loyalty and devotion.
 - 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 on account of

gender, caste, religion, nationality etc.

Example: Arun Saini (an Indian) has become the CEO of Vodafone Ltd (a British telecom major). This shows there is equality in that organisation and motivates Indians to work harder.

A manager should not ~~rep~~ misunderstand their problems and not reprimand them for minor mistakes.

ORDER

MATERIAL ORDER

(right quality and quantity)

HUMAN ORDER

(right person for right job)

This principle states that people and material should be available in right places and at right time for maximum efficiency and productivity.

- It emphasises orderliness.
- It focuses on 'a place for everything and everything in its place' for coordination.

Example: In a school, books are there in office, files are there in classrooms and chalks are there in the library. There is lack of order and this will obstruct the working of the school. Materials should be available at appropriate places for smooth functioning.

Ans 24] Shareholders are likely to gain with loan component in capital structure only when Return on Investment is greater than cost of investment. This is because interest is a deductible expense for computation of tax liability and increases Earnings per share.

Example	Company X (Rs)	Company Y (Rs)
Equity Capital (Rs 10/- each)	30 00 000	10 00 000
Loan (@ 10% p.a.)	Nil	50 00 000
Profit before interest and tax	400 000	400 000
Less Interest	—	(200 000)
Profit before tax	400 000	200 000
Less Tax Rate (30%)	(120 000)	(60 000)
	280 000	140 000
Divided by Number of equity shares (Rs 10/-)	300 000	100 000
Earning per share (EPS)	0.93	1.4

(28)
Thus, it is clear that company X (unlevered) has a lower EPS due to absence of loan and company Y has a higher EPS due to presence of loan. This is only in case of favourable financial leverage.

$$RO I = \frac{40000}{300000} \times 100 = 13.33\%$$

$$\text{Cost of investment} = 10\%$$

Ans 25: • Labelling is the process of designing an appropriate label to be put on the package.

- It can vary from simple tag to complex graphics.

Example: Label of a boat and Patwar on a brand of after shave lotion.

Functions:

i) DESCRIBE THE PRODUCT AND SPECIFY THE CONTENTS:

A label has to provide information on how to to use the product, see cautions for use, the contents etc.

Example: A bottle of hair oil states how it contained Amla and Almond Oil and is good for hair growth.

ii) GRADING OF PRODUCTS: Mark labelling helps in classify products into different categories on the basis of features. Marketers assign different grades to products. Example: L'oreal conditioner is sold under different categories like → normal hair → dull hair → frizzy hair.

iii) PROMOTIONAL TOOL: Labelling helps in promoting sale of products through promotional message like 'Baalon mein Durr, life main fun' or informing about short term incentives like 'Buy 1 get 1 free'.



IV) PROVIDING INFORMATION REQUIRED BY LAW:

Labelling helps in meeting statutory and legal requirements like a label on a packet of cigarettes must contain the warning - cigarette smoking is injurious to health. Appropriate warning must be given for drugs and tobacco products.

CONCLUSION: Labelling is a vital function in promoting sale of products.

Ans 26: Financial planning is concerned with drawing a financial blueprint of future operations of the business.

IMPORTANCE:

- It prevents future shocks and surprises and makes the firm better prepared to face the future.
- Detailed financial plans like budgets help to

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अपना अनुक्रमांक इस उत्तर-पुस्तिका पर न लिखें

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अतिरिक्त उत्तर-पुस्तिका (ओं) की संख्या.....
Supplementary Answer-Book(s) No.....

avoid future shocks and surprises prevent waste, duplication and gaps in planning

- It links investment decisions and financing decisions on a continuous basis and links present and future.
- Detailed objectives are spelled for different segments and makes evaluation of performance easier.
- It coordinates functions like production and sales and by laying down clear policies and procedures
- It forecasts what might happen in future and helps businesses to face future events effectively.

CONCLUSION: Business - financial planning = Failure.

Ques 27] PHYSICAL DISTRIBUTION. It facilitates physical handling and movement of products from place of production to place of

distribution. (CHANNELS OF DISTRIBUTION create time, place utility)

MANUFACTURER → WHOLESALE → RETAILER → CONSUMER.

FUNCTIONS, performed by channels of distribution are:-

- i) Sorting: They receive supply of various goods from various sources which are not always uniform in size, quality, price etc. They sort them into homogeneous stocks on basis of their features like high quality, low quality etc.
- ii) Accumulation: This is concerned with accumulation of goods into larger homogeneous stocks for maintaining continuous supply in the market.
- iii) Allocation: It is concerned with breaking the homogeneous stocks into smaller tradeable lots like packets of 250 gm, 1 kg etc.
- iv) Negotiation: They act as a link between consumers and producers and have to satisfy both parties. They

negotiate price, quality and guarantee with customers so that transfer of ownership is properly affected.

✓) RISK TAKING: In the process of movement of goods, they take title of goods and assume risks of spoilage, destruction, demand and price fluctuations.

CONCLUSION: Channels of distribution bring economy of effort and convenience to customers.

Ans 28: The Consumer Protection Act 1986 provides to the following reliefs to Reena due to dissatisfaction with the product:

- i) removing the defect in the bottle of desi ghee or deficiency in service provided.
- ii) To replace the defective product with a new one, free of any defect.
- iii) The refund the price paid for the product or charges

paid for the service.

iv) To pay adequate compensation for loss or injury suffered by the consumer due to dishonesty or negligence of the opposite party.

v) To pay an amount (not less than 5% of defective good or deficient service provided) to be credited to Consumer Welfare Fund, or any other person or organisation, to be used in a prescribed manner.

vi) To prevent unfair/exploitative trade practices like adulteration and not to repeat them in future.

vii) Withdraw hazardous goods from sale.

CONCLUSION : Consumer is the king of a market economy and his needs have to be taken care off for long-run profit maximisation.

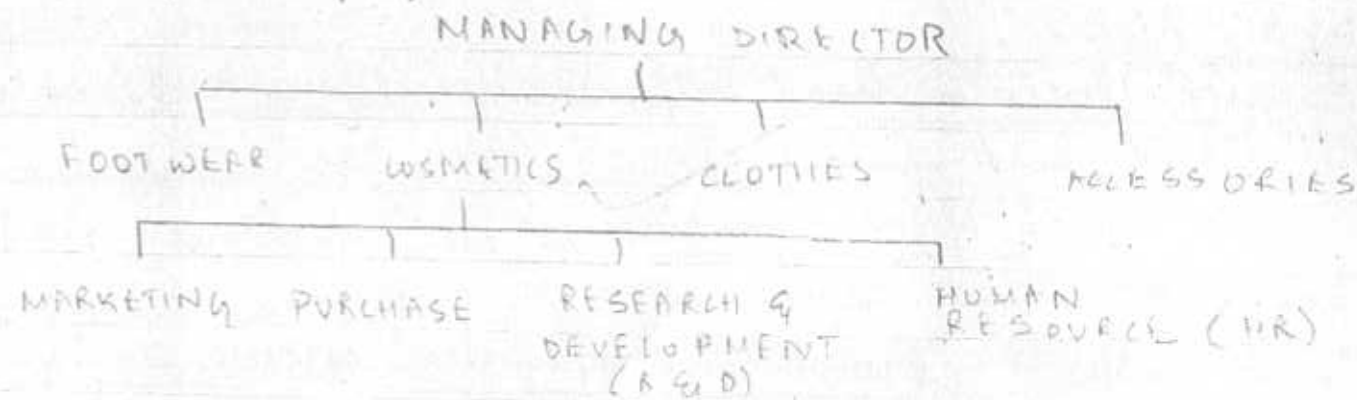
Ans 29. Divisional structure is an organisation structure in which organisation is divided into sections or units on the basis of products and ~~with~~ each unit has a division head who is responsible for it. Each unit is ~~multifunctional~~ multifunctional as they adopt a functional structure within each department. It is suitable for those organisations who have diverse product categories, are large, and products have distinct characteristics.

ADVANTAGES:

- i) Product specialisation helps in development of varied skills in a divisional head and prepares him for higher position as he is able to gather expertise in all functions related to a product line.
- ii) It helps in growth and expansion as new divisions can be added without interrupting the existing operations by appointing a new head and staff for the new product.

iii) It promotes initiative and flexibility as each division functions as an autonomous unit and this leads to faster decision making.

iv) Division heads can be held accountable for profits as costs and revenue related to different departments can be separately identified and assigned to him. This helps to evaluate performance and fix responsibility in case of poor performance.



DIVISIONAL STRUCTURE

Ans 30 : The state of mind of both sender and receiver affects effective communication. These barriers are :

i) PREMATURE EVALUATION: The receiver evaluates the meaning of the message even before the sender completes it due to pre-conceived notions and prejudices against the communication.

ii) LACK OF ATTENTION: The pre occupied mind of the receiver and the resultant non-listening of the message acts as a major barrier.

Example: A superior is occupied with an important file and is unable to grasp what the subordinate is trying to say. The employee then gets disappointed.

iii) DISTRUST: This is a major barrier of the sender and receiver do not trust and believe in each other, then they will ^{not} understand the true meaning of the message.

iv) LOSS BY TRANSMISSION AND POOR RETENTION: In large organisations, communication has to traverse long channels. Successive transmission results in loss of or transmission of inaccurate information. This is especially in case of oral communication.

Poor retention is another problem. Employees cannot retain the message for long because they do not pay attention or are not interested.

CONCLUSION: Psychological barriers to communication refer to emotions of sender or receiver. A worried person cannot communicate effectively and an angry person cannot understand the original meaning of the message. These barriers have to be overcome for smooth communication and unrestricted working of the organisation.