

Q. SET No			MARKING SCHEME-2009-10 BUSINESS STUDIES <u>DELHI-66/1/1</u> EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1/1	66/1/2	66/1/3		
1	--	--	<p>Q. List any two organisational objectives of management.</p> <p>Ans. Organisational objectives of management are: (Any two): -Survival -Profit -Growth</p>	$\frac{1}{2} \times 2$ =1 mark
2	--	--	<p>Q. Give any one reason why principles of management do not provide readymade solution to all managerial problems.</p> <p>Ans. Principles of management do not provide readymade solution to all managerial problems because principles provide general guidelines to managers whereas real business situations are very complex and dynamic.</p>	1 mark
3	2	7	<p>Q. Volvo's Ltd. target is to produce 10,000 shirts per month at a cost of Rs.100 per shirt. The production manager achieved this target at a cost of Rs.90 per shirt. Do you think the production manager is effective? Give one reason in support of your answer.</p> <p>Ans. Yes, the production manager is effective because he has been able to achieve the target.</p>	$\frac{1}{2}$ mark for agreeing + $\frac{1}{2}$ mark for the reason = $\frac{1}{2} + \frac{1}{2}$ =1 mark
4	--	--	<p>Q. State the objective of method study.</p> <p>Ans. The objective of method study is to find out one best way of doing the job.</p>	1 mark
5	--	--	<p>Q. Give any one limitation of internal source of recruitment.</p> <p>Ans. <u>Limitation of internal source of recruitment (Any one):</u></p> <ol style="list-style-type: none"> 1. Dangers of <u>inbreeding</u> by stopping infusion of new talent. 2. Employees may become <u>lethargic</u> if they are sure of time bound promotions. 3. <u>Limited choice</u>. 4. <u>Lack of competition</u> amongst employees. 5. <u>Frequent transfers</u> of employees may <u>reduce productivity</u>. 	1 mark
6	--	--	<p>Q. Name the method of training in which the trainees learn on the equipments they will be using.</p> <p>Ans. Vestibule training.</p>	1 mark

7	5	5	<p>Q. Name the financial decision which will help the businessman in opening a new branch of its business.</p> <p>Ans. Investment decision/ Fixed Capital decision/ Capital budgeting decision.</p>	1 mark
8	3	4	<p>Q. "Cost of debt is lower than the cost of equity Share capital". Give reason why even then a company cannot work only with debt.</p> <p>Ans. A company cannot work only with debt because a company cannot be formed or exist without equity.</p>	1 mark
9	6	6	<p>Q. Which Act of Consumer Protection provides for the formation of 'Consumer Protection Councils' in every district and State of the country?</p> <p>Ans. Consumer Protection Act, 1986.</p>	1 mark
10	--	--	<p>Q. Why is consumer protection important for consumers? Give any one reason.</p> <p>Ans. <u>Consumer protection is important for consumers because of (Any one):</u></p> <ol style="list-style-type: none"> 1. Consumer Ignorance. 2. Unorganized consumers. 3. Widespread exploitation of consumers. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1 mark</p>
11	13	12	<p>Q. What is meant by planning? List any two features of planning.</p> <p>Ans. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p style="text-align: center;">OR</p> <p>Planning is deciding in advance what to do, how to do, when to do and by whom it is to be done. <u>(or any other correct meaning)</u></p> <p><u>Features of planning are: (any two)</u></p> <ol style="list-style-type: none"> 1. Planning focuses on achieving objectives. 2. Planning is a primary function of management. 3. Planning is pervasive. 4. Planning is continuous. 5. Planning is futuristic. 6. Planning involves decision making. 7. Planning is a mental exercise. 	<p>2 marks for definition + (½ mark for limitation ½ x2=1) = 2+1 =3 marks.</p>

			negotiable promissory note with a fixed maturity period.	
15	--	--	<p>Q. What is meant by production concept of marketing?</p> <p>Ans.</p> <ul style="list-style-type: none"> ▪ Production concept emphasises that profits could be maximised by producing at <u>large scale</u>, thereby <u>reducing the average cost of production</u>. ▪ <u>Availability and affordability of the product</u> are considered to be the key to success of a firm according to this concept. 	<p>1 ½ x 2</p> <p>=3marks</p>
16	--	--	<p>Q. Explain policy and procedure as types of plans.</p> <p>Ans. Policy: Policies is a general guideline which brings uniformity in decision making for achievement of predetermined objectives. A manager may use his discretion to interpret and apply a policy.</p> <p>Procedure: It consists of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed. It specifies the steps in a chronological order.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=4marks</p>
17	16	18	<p>Q. Ayasha Ltd. assured their employees that inspite of recession no worker will be retrenched from the job.</p> <p>(i) Name and explain the type of incentive offered to the employees.</p> <p>(ii) Explain one more incentive of the same category.</p> <p>Ans. (i) The incentive is <u>Job security</u>. It is a non-financial incentive which refers to the stability about future income and work so that the employees do not feel worried on these aspects and work with greater zeal.</p> <p>(ii) <u>Explanation of any one of the following incentives:</u></p> <ul style="list-style-type: none"> (a) Status (b) Organisational climate (c) Career advancement opportunity (d) Job enrichment (e) Employee recognition programme (f) Employee participation (g) Employee empowerment. 	<p>(1 mark for naming the incentive</p> <p>+</p> <p>1mark for its explanation = 2 marks)</p> <p>+</p> <p>(1 mark for naming the incentive</p> <p>+</p> <p>1mark for its explanation = 2 marks)</p> <p>=2+2</p> <p>= 4 marks</p>
18	17	17	<p>Q. Explain the meaning and the objective of Financial Management.</p> <p>Ans. Financial Management is concerned with management of flow of funds and involves <u>decisions relating to procurement of funds, investment of funds</u></p>	<p>2 marks for the meaning</p>

			<p>and <u>distribution of earnings.</u></p> <p>OR</p> <p>Financial Management may be defined as <u>planning, organising, directing and controlling the financial activities</u> of an organisation.</p> <p><u>Objective of Financial Management:</u> The objective of financial management is to maximize shareholders wealth i.e. to <u>maximize the market price of equity shares</u> of the company This is because a <u>company's funds belong to the shareholders</u> and the manner in which these are invested and the return earned on them determines the market value or price of shares.</p>	<p>+</p> <p>2 marks for the objective</p> <p>= 2 + 2 =4marks</p>
19	--	19	<p>Q. State any four advantages of formal organisation. Ans. Advantages of formal organisation (Any four):</p> <ol style="list-style-type: none"> 1. It is easier to fix responsibility. 2. It avoids duplication of efforts. 3. It maintains unity of command 4. It leads to effective accomplishment of goals. 5. It provides stability to the organisation. 	<p>1 x 4</p> <p>= 4marks</p>
20	18	16	<p>Q. Explain the following rights of the consumers: (i) Right to safety (ii) Right to choose Ans. Right to safety</p> <ul style="list-style-type: none"> ▪ Right to be protected against goods and services which are hazardous to life and health. ▪ Right to get protection against the risks caused due to the use of substandard products or products that do not conform to the safety norms. <p><u>Right to choose</u></p> <ul style="list-style-type: none"> ▪ The consumer has the freedom to choose from a variety of products at competitive prices. ▪ Marketers should offer a wide variety of product in terms of quality, price, size etc. to enable the consumer to make the choice. 	<p>2 marks + 2 marks =2+2 =4marks</p>
21	--	--	<p>Q. Is management a full fledged profession? Give any three reasons in support of your answer. Ans. No, management is not a full fledged profession because of the following reasons (Any three): (i) Restricted entry. The entry to a profession is restricted through a prescribed qualification. But there is <u>no restriction</u> on anyone being appointed as a manager in any business enterprise. So, presently <u>this feature of profession is not present in management</u> (ii) Professional association.</p>	<p>(½ mark for disagreeing with the statement) +</p>

		<p>All professions are affiliated to a professional association which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are <u>several associations</u> of practising managers in India, like the <u>AIMA</u> that has laid down a code of conduct to regulate the activities of their members. There is, however, <u>no compulsion</u> for managers to be members of such an association. So, presently <u>this feature of profession is not present in management</u></p> <p>(iii) Ethical code of conduct.</p> <p>All professions are bound by a code of conduct which guides the behaviour of its members. AIMA has <u>devised a code of conduct</u> for Indian managers <u>but there is no statutory backing for this code</u>. So, presently <u>this feature of profession is not present in management</u>.</p> <p>(iv) Service motive.</p> <p>The motive of a profession is to serve their client's interests by rendering dedicated and committed service. The basic purpose of management is to help the organisation achieve its stated goal. If an organisation has a good management team that is efficient and effective it <u>automatically serves society</u> by providing good quality products at reasonable prices. So, presently <u>this feature of profession is not fully present in management</u>.</p> <p>(If an examinee has first discussed the features of a profession and then by giving three reasons supporting that management is not a full fledged profession, full credit is to be given)</p>	<p>(1 ½ marks for each reason</p> <p>= 1 ½ x 3</p> <p>= 4 ½)</p> <p>= ½ + 4 ½</p> <p>= 5 marks</p>
22	23	<p>23</p> <p>Q. (i) Name and explain the principle of management which requires judicious application of penalties by the management.</p> <p>(ii) Name and explain the technique of scientific management which helps in establishing interchangeability of manufactured parts and products.</p> <p>Ans. (i) The principle of management is '<u>Discipline</u>'. Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. Discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.</p> <p>(ii) The technique is '<u>Standardisation</u>'. It refers to the process of setting standards for every business activity-process, raw material, time, product, machinery,</p>	<p>(1 mark for naming the principle</p> <p>+ 1 ½ marks for its explanation</p> <p>= 1 + 1 ½</p> <p>= 2 ½)</p> <p>+</p> <p>(1 mark for naming the principle</p> <p>+ 1 ½ marks for its explanation</p> <p>= 1 + 1 ½</p> <p>= 2 ½)</p>

			methods or working conditions etc.	= 2 ½ + 2 ½ = 5marks
23	--	21	<p>Q. Explain any five impacts of government policy changes on business and industry in India.</p> <p>Ans. <u>Impact of government policy changes on business and industry in India (Any five):</u></p> <ol style="list-style-type: none"> 1. Increasing competition 2. More demanding customers 3. Rapidly changing technological environment 4. Necessity for change 5. Need for developing human resources. 6. Market orientation 7. Loss of budgetary support to the public sector. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for the heading + ½ mark for the explanation = 1 x 5 =5marks</p>
24	22	--	<p>Q. State any five functions of a stock exchange.</p> <p>Ans. <u>Functions of a stock exchange (any five):</u></p> <ol style="list-style-type: none"> 1. It provides liquidity and marketability to existing securities. 2. It helps in determining the price of securities. 3. It ensures safety of transactions. 4. It contributes to economic growth. 5. It helps in spreading equity cult. 6. It provides scope for speculation. <p>(No headings are required in this question)</p>	<p>1 mark for each statement = 1 x 5 =5marks</p>
25	21	22	<p>Q. 'An important task in the marketing of goods relates to designing the label as it provides useful and detailed information about the product.' In the light of the above statement, draw a label for a liquid soap and highlight the important information to be provided on it.</p> <p>Ans. The following information is to be <u>PROVIDED ON THE LABEL IN ANY FORM</u> (Any five):</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <ol style="list-style-type: none"> 1. Name of the product 2. Name of the manufacturer. 3. Address of the manufacturer. 4. Net weight when packed. 5. Manufacturing date. 6. Expiry date. 7. Maximum retail price (MRP) 8. Batch number. 9. Directions for use 10. Contents </div> <p>(if an examinee has not given any of the headings as above but has given some other correct information,</p>	<p>1 mark for each information = 1 x 5 5marks</p>

			full credit should be given)	
26	30	27	<p>Q. Explain the process of staffing. OR Explain the process of selection of employees. Ans. <u>The process of staffing has the following steps:</u></p> <ol style="list-style-type: none"> 1. Job analysis and manpower planning. 2. Recruitment and selection. 3. Placement and orientation. 4. Training, development and Performance appraisal 5. Compensation. 6. Promotion and career planning. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p> <p style="text-align: center;">OR</p> <p><u>The process of selection has the following steps:</u></p> <ol style="list-style-type: none"> 1. Preliminary screening. 2. Selection tests and employment interview. 3. Reference and background checks. 4. Selection decision. 5. Medical examination 6. Job offer and contract of employment. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p>	<p>½ mark for naming each step + ½ mark for explanation = 1 x 6 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming each step + ½ mark for explanation = 1 x 6 =6marks</p>
27	29	30	<p>Q. Motivation plays an important role in the success of management. Explain any four points of importance of motivation in the light of the above statement.</p> <p style="text-align: center;">OR</p> <p>“Managerial functions cannot be carried out without an efficient system of communication. Do you agree with this statement? Give any four reasons in support of your answer. Ans. <u>Importance of motivation (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps to improve performance of employees. 2. It helps to change negative attitudes of employees to positive attitudes. 3. It helps to reduce employee turnover. 4. It helps to reduce absenteeism. 5. It helps managers to introduce changes smoothly. <p style="text-align: center;">OR</p> <p><u>Importance of communication (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps in smooth working of an enterprise. 	<p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for</p>

			<p>2. It boosts morale and provides motivation. 3. Establishes effective leadership. 4. It acts as a basis for co-ordination. 5. It acts as a basis for decision making. 6. It increases managerial efficiency. 7. It promotes co-operation and industrial peace. (if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>heading + 1 mark for explanation = $1\frac{1}{2} \times 4$ =6marks</p>
28	26	26	<p>Q. Explain the process of controlling. OR Explain any four points highlighting the importance of controlling Ans. The process of controlling involves the following steps:</p> <ol style="list-style-type: none"> 1. Setting performance standards. 2. Measurement of actual performance 3. Comparing actual performance with the standards. 4. Analysing deviations and taking corrective action. <p>OR <u>Importance of controlling (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps in accomplishing organisational goals. 2. It helps in making efficient use of resources. 3. It ensures order and discipline. 4. It improves employee motivation. 5. It helps in judging accuracy of standards. 6. It facilitates co-ordination in action. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>$\frac{1}{2}$ mark for naming each step + 1 mark for explanation = $1\frac{1}{2} \times 6$ =6marks</p> <p>OR</p> <p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1\frac{1}{2} \times 4$ =6marks</p>
29	27	28	<p>Q. What is meant by dividend decision? State any four factors affecting the dividend decision. OR What is meant by financing decision? State any four factors affecting the financing decision. Ans. Dividend decision is the decision about how much of the profit earned by the company is to be distributed to the shareholders and how much of it is to be retained in business. <u>Factors affecting dividend decision are (Any four):</u></p> <ol style="list-style-type: none"> 1. <u>Earnings</u> are a major determinant of dividend decision as dividends are paid out of current and past earnings. 2. <u>Stability of earnings</u> is another factor affecting dividend decision as a company having stable earnings is in a position to declare higher 	<p>2 marks for the meaning + 1 mark for each</p>

		<p>dividends.</p> <ol style="list-style-type: none"> 3. Companies generally prefer to maintain <u>stability of dividends</u> while taking dividend decision. 4. If a company has good <u>growth opportunities</u>, it pays out less dividend. 5. A good <u>cash flow position</u> is necessary for declaration of dividend. 6. <u>Shareholder's preference</u> is kept in mind by the management before declaring dividends. 7. <u>Taxation policy</u> affects the dividend decision as a higher dividend distribution tax will lead to lesser dividend payout. 8. The possible <u>stock market reaction</u> on the share price to dividend policy is one of the important factors affecting dividend decision. 9. While taking dividend decision, companies take into consideration their <u>access to capital market</u>. 10. Certain provisions of the Companies Act i.e. <u>legal constraints</u> place restrictions on payout of dividend. 11. While taking dividend decision, companies keep in mind the restrictions imposed by the lenders i.e. <u>contractual constraints</u>. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Financing decision is the decision about the quantum of finance to be raised from various long term sources and how much is to be raised from each source.</p> <p><u>Factors affecting financing decision are (Any four):</u></p> <ol style="list-style-type: none"> 1. <u>Cost of different sources of finance</u> as some sources may be cheaper than others. 2. <u>Risk</u> associated with different sources of finance is different. 3. Higher the <u>floatation costs</u>, less attractive the source. 4. A stronger <u>cash flow position</u> may make debt financing more viable than funding through equity. 5. With higher <u>fixed operating costs</u>, lower fixed financing costs should be opted for. 6. Issue of more equity may lead to dilution of management's <u>control</u> over the business. 7. <u>State of the capital market</u> is considered while taking financing decision as in a depressed capital market, issue of equity shares may be difficult. 8. 	<p>statement</p> <p>=1 x 4</p> <p>=4 marks)</p> <p>= 2 + 4</p> <p>=6marks</p> <p>OR</p> <p>2 marks for the meaning + (1 mark for each statement =1 x 4 =4 marks) = 2 + 4 =6marks</p>
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30	28	29	<p>Q. Name that element of the marketing mix which affects the revenue and profits of the firm. Explain any five factors which help in determining that element.</p> <p style="text-align: center;">OR</p> <p>“Generally consumers prefer to buy goods directly from the producers but it is not always possible.” Give reasons. Why is it so by explaining four different factors responsible for this?</p> <p>Ans. The element of the marketing mix which affect the revenue and profits of the firm is PRICE. <u>Factors which help in price determination are (Any five):</u></p> <ol style="list-style-type: none"> 1. Product cost 2. Utility and demand. 3. Extent of competition in the market. 4. Government and legal regulations. 5. Pricing objectives 6. Marketing methods used. <p style="text-align: center;">OR</p> <p>Generally consumers prefer to buy goods directly from the producers but it is not always possible. This is so because of the following factors (Any four):</p> <ol style="list-style-type: none"> 1. <u>Product related factors</u> – Goods which are standardized, are non perishable, non complex or have a low unit value are sold by the producers through indirect channels. 2. <u>Company characteristics</u> – When the financial strength of the company is not very strong or when the company does not want control over the channel members, it may go in for indirect channels. 3. <u>Competitive factors</u> – The company may decide to use indirect channel either to go with the competitor or be different from them 4. <u>Market factors</u>- When the size of the market is large, consumers are widely dispersed or the order size is small, the company may decide to use indirect channels. 5. <u>Environmental factors</u> –Keeping in mind the economic conditions and legal constraints, a company may decide to use indirect channels. 	<p>1 mark for naming the element + (½ mark for naming the factor + ½ mark for explanation =1 x 5 =5 marks) =1 + 5 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming the factor + 1 mark for explanation =1 ½ x 4 =6 marks</p>
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Q. SET No.			MARKING SCHEME-2009-10 BUSINESS STUDIES <u>DELHI-66/1/2</u> EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1/1	66/1/2	66/1/3		
--	1	--	<p>Q. List any two social objectives of management. Ans. <u>Social objectives of management (Any two):</u> 1. To use environmental friendly methods of production. 2. To give employment opportunities to the disadvantaged sections of the society. 3. To provide basic amenities like schools and crèches. (Or any other correct objective)</p>	<p>$\frac{1}{2} \times 2$ =1 mark</p>
3	2	7	<p>Q. Volvo's Ltd. target is to produce 10,000 shirts per month at a cost of Rs.100 per shirt. The production manager achieved this target at a cost of Rs.90 per shirt. Do you think the production manager is effective? Give one reason in support of your answer. Ans. Yes, the production manager is effective because he has been able to achieve the target.</p>	1 mark
8	3	4	<p>Q. "Cost of debt is lower than the cost of equity Share capital". Give reason why even then a company cannot work only with debt. Ans. A company cannot work only with debt because a company cannot be formed or exist without equity.</p>	1 mark
--	4	--	<p>Q. Give any one reason why principles of management are called contingent. Ans. Principles of management are called contingent because the application of principles has to be changed according to the prevailing situation at a particular point of time.</p>	1 mark
7	5	5	<p>Q. Name the financial decision which will help the businessman in opening a new branch of its business. Ans. Investment decision/ Fixed Capital decision/ Capital budgeting decision.</p>	1 mark
9	6	6	<p>Q. Which Act of Consumer Protection provides for the formation of 'Consumer Protection Councils' in every district and State of the country? Ans. Consumer Protection Act, 1986.</p>	1 mark

--	7	--	<p>Q. State the objective of time study. Ans. The objective of time study is to determine the standard time taken to perform a well defined task.</p>	1 mark
--	8	--	<p>Q. Give any one advantage of internal source of recruitment. Ans. <u>Advantages of internal sources of recruitment (Any one):</u> 1. Employees are motivated to improve their performance. 2. It is an economical source of recruitment. 3. It is a more reliable source of recruitment. 4. It is a tool of training the employees to prepare them for higher jobs. 5. It helps in adjustment of surplus employees. 6. It simplifies the process of selection and placement.</p>	1 mark
--	9	--	<p>Q. Name the method of training in which the trainee works directly with the senior manager and the manager takes full responsibility of the trainee. Ans. The method of training is <u>Coaching.</u></p>	1 mark
--	10	--	<p>Q. Why should a consumer look for ISI mark on electrical goods? Ans. The consumer should look for ISI mark on electrical goods because it gives an assurance that the product meets <u>quality certifications.</u></p>	1 mark
13	11	13	<p>Q. Explain when and why the need is felt for having a framework, within which managerial and operating tasks are performed to accomplish desired goals. Name this 'framework' also. Ans. (a) The framework' is called <u>organisational structure.</u> (b) <u>It is required: (any one)</u> 1. When an organisation grows in size or complexity 2. When an organisation is new, the structure is required after planning but before staffing. (c) <u>Organisation structure is required because it helps in: (Any one)</u> 1. Clarity in working relationships. 2. Adaptation to change. 3. Effective administration. 4. Expansion and growth. 5. Optimum utilisation of resources. 6. Better co-ordination. 7. Smooth flow of communication. 8. Better control over the operations of the business.</p>	<p>1 mark for naming the framework + 1 mark for when required + 1 mark for why required = 1 + 1+ 1 = 3marks</p>

14	12	11	<p>Q. Explain the following money market instruments:</p> <p>(a) Treasury bill</p> <p>(b) Commercial Paper.</p> <p>Ans. <u>Treasury bill</u> It is an instrument issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default.</p> <p><u>Commercial Paper</u> It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p>	<p>1 ½ x 2</p> <p>= 3 marks</p>
11	13	12	<p>Q. What is meant by planning? List any two features of planning.</p> <p>Ans. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p style="text-align: center;">OR</p> <p>Planning is deciding in advance what to do, how to do, when to do and by whom it is to be done. (or any other correct meaning)</p> <p><u>Features of planning are: (any two)</u></p> <ol style="list-style-type: none"> 1. Planning focuses on achieving objectives. 2. Planning is a primary function of management. 3. Planning is pervasive. 4. Planning is continuous. 5. Planning is futuristic. 6. Planning involves decision making. 7. Planning is a mental exercise. 	<p>2 marks for definition + (½ mark for limitation ½ x 2 = 1) = 2 + 1 = 3 marks.</p>
--	14	--	<p>Q. Explain by giving any three reasons why decentralisation is important in an organisation.</p> <p>Ans. <u>Decentralisation is important in an organisation because (Any three):</u></p> <ol style="list-style-type: none"> 1. It develops initiative amongst subordinates. 2. It develops managerial talent for the future. 3. It leads to quick decision making. 4. It gives relief to top management. 5. It facilitates growth. 6. It facilitates better control. <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1 x 3 = 3 marks</p>

--	15	--	<p>Q. What is meant by product concept of marketing?</p> <p>Ans.</p> <ul style="list-style-type: none"> ▪ Product concept emphasises is on quality of product. ▪ Under this, product improvement becomes the key for profit maximization. 	<p>1 ½ x 2 =3marks</p>
17	16	17	<p>Q. Ayasha Ltd. assured their employees that inspite of recession no worker will be retrenched from the job.</p> <p>(i) Name and explain the type of incentive offered to the employees.</p> <p>(ii) Explain one more incentive of the same category.</p> <p>Ans. (i) The incentive is <u>Job security</u>. It is a non-financial incentive which refers to the stability about future income and work so that the employees do not feel worried on these aspects and work with greater zeal.</p> <p>(ii) <u>Explanation of any one of the following incentives:</u></p> <p>(a) Status (b) Organisational climate (c) Career advancement opportunity (d) Job enrichment (e) Employee recognition programme (f) Employee participation (g) Employee empowerment.</p>	<p>(1 mark for naming the incentive + 1mark for its explanation = 2 marks) + (1 mark for naming the incentive + 1mark for its explanation = 2 marks) =2+2 = 4 marks</p>
18	17	17	<p>Q. Explain the meaning and the objective of Financial Management.</p> <p>Ans. Financial Management is concerned with management of flow of funds and involves <u>decisions relating to procurement of funds, investment of funds and distribution of earnings.</u></p> <p style="text-align: center;">OR</p> <p>Financial Management may be defined as <u>planning, organising, directing and controlling the financial activities</u> of an organisation.</p> <p><u>Objective of Financial Management:</u> The objective of financial management is to maximize shareholders wealth i.e. to maximize the market price of <u>equity shares</u> of the company This is because a <u>company's funds belong to the shareholders</u> and the manner in which these are invested and the return earned on them determines the market value or price of shares.</p>	<p>2 marks for the meaning</p> <p style="text-align: center;">+</p> <p>2 marks for the objective = 2 + 2 =4marks</p>

20	18	16	<p>Q. Explain the following rights of the consumers:</p> <p>(i) Right to safety</p> <p>(ii) Right to choose</p> <p>Ans. <u>Right to safety</u></p> <ul style="list-style-type: none"> ▪ Right to be protected against goods and services which are hazardous to life and health. ▪ Right to get protection against the risks caused due to the use of substandard products or products that do not conform to the safety norms. <p><u>Right to choose</u></p> <ul style="list-style-type: none"> ▪ The consumer has the freedom to choose from a variety of products at competitive prices. ▪ Marketers should offer a wide variety of product in terms of quality, price, size etc. to enable the consumer to make the choice. 	<p>2 marks + 2 marks =2+2 =4marks</p>
--	19	--	<p>Q. State any two advantages and two limitations of informal organisation.</p> <p>Ans. <u>Advantages of informal organisation (Any two):</u></p> <ol style="list-style-type: none"> 1. It leads to faster spread of information as well a quick feedback. 2. It fulfills the social needs of the members. 3. It contributes towards fulfillment of organisational objectives by compensating for inadequacies in the formal organisation. <p><u>Disadvantages of informal organisation (Any two):</u></p> <ol style="list-style-type: none"> 1. It leads to spread of rumours. 2. It may lead to resistance to change. 3. It pressurizes members to conform to group expectations which may be against organisational interest. 	<p>(1 x 2 = 2 marks + 1 x 2 = 2 marks) = 2 + 2 =4 marks</p>
--	20	--	<p>Q. Explain 'Method' and 'Rule' as types of plans.</p> <p>Ans. <u>Method</u></p> <ul style="list-style-type: none"> ▪ Method is the prescribed way or manner in which a task has to be performed. ▪ It deals with a task comprising one step of a procedure. <p><u>Rule</u></p> <ul style="list-style-type: none"> ▪ A rule is a statement that specifies what is to be done or not to be done ▪ A rule does not allow for any flexibility or discretion. ▪ A rule prescribes penalty for violation. 	<p>2 marks + 2 marks =2+2 =4marks</p>

25	21	22	<p>Q. 'An important task in the marketing of goods relates to designing the label as it provides useful and detailed information about the product.' In the light of the above statement, draw a label for a liquid soap and highlight the important information to be provided on it.</p> <p>Ans. The following information is to be <u>PROVIDED ON THE LABEL IN ANY FORM</u> (Any five):</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <ol style="list-style-type: none"> 1. Name of the product 2. Name of the manufacturer. 3. Address of the manufacturer. 4. Net weight when packed. 5. Manufacturing date. 6. Expiry date. 7. Maximum retail price (MRP) 8. Batch number. 9. Directions for use 10. Contents </div> <p>(if an examinee has not given any of the headings as above but has given some other correct information, full credit should be given)</p>	<p>1 mark for each information = 1 x 5 = 5marks</p>
24	22	--	<p>Q. State any five functions of a stock exchange.</p> <p>Ans. <u>Functions of a stock exchange (any five):</u></p> <ol style="list-style-type: none"> 1. It provides liquidity and marketability to existing securities. 2. It helps in determining the price of securities. 3. It ensures safety of transactions. 4. It contributes to economic growth. 5. It helps in spreading equity cult. 6. It provides scope for speculation. <p>(No headings are required in this question)</p>	<p>1 mark for each statement = 1 x 5 = 5marks</p>
22	23	23	<p>Q. (i) Name and explain the principle of management which requires judicious application of penalties by the management.</p> <p>(ii) Name and explain the technique of scientific management which helps in establishing interchangeability of manufactured parts and products.</p> <p>Ans. (i) The principle of management is '<u>Discipline</u>'. Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. Discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.</p> <p>(ii) The technique is '<u>Standardisation</u>'. It refers to the process of setting standards for every business activity-process, raw material, time, product, machinery, methods or</p>	<p>(1 mark for naming the principle + 1 ½ marks for its explanation = 1 + 1 ½ = 2 ½)</p> <p>+ (1 mark for naming the principle + 1 ½ marks for its explanation)</p>

			working conditions etc.	$= 1 + 1 \frac{1}{2}$ $= 2 \frac{1}{2}$ $= 2 \frac{1}{2} + 2 \frac{1}{2}$ $= 5 \text{marks}$
--	24	--	<p>Q. Is management a science? Give any three reasons in support of your answer.</p> <p>Ans. Yes, Management is a science but not an exact science. The reasons are (Any three):</p> <p>1. <u>Systematised body of knowledge.</u> Like science, management is a systematic body of knowledge with its own theories and principles that have developed over a period of time. So, this feature of science is present in management.</p> <p>2. <u>Principles based on observation and experimentation</u> Like science, management principles are derived through observation and repeated experimentation. So, this feature of science is present in management. However since management deals with human beings the outcome of these experiments are not capable of being accurately predicted.</p> <p>3. <u>Universal validity.</u> Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. Since they have to be modified according to a given situation, their application and use is not universal. So, this feature of science is not fully present in management.</p> <p>4. <u>Cause and effect relationship</u> Like science, the principles of mgt too establish cause and effect relationship between different variables. So, this feature of science is present in management.</p>	$\frac{1}{2}$ mark + ($\frac{1}{2}$ mark for the heading + 1 mark for the explanation $= 1 \frac{1}{2} \times 3$ $= 4 \frac{1}{2}$) $= \frac{1}{2} + 4 \frac{1}{2}$ $= 5 \text{marks}$
--	25	--	<p>Q. Explain by giving any five reasons why understanding of business environment is important for managers.</p> <p>Ans. <u>Understanding of business environment is important for managers because (Any five):</u></p> <p>1. It helps to identify opportunities and getting the first mover advantage.</p> <p>2. It helps to identify threats and early warning signals.</p> <p>3. It helps in tapping useful resources.</p> <p>4. It helps in coping with rapid changes.</p> <p>5. It helps in assisting in planning and policy formulation.</p> <p>6. It helps in improving performance.</p> <p>(If an examinee has not given the headings as above</p>	$\frac{1}{2}$ mark for the heading + $\frac{1}{2}$ mark for the explanation $= 1 \times 5$ $= 5 \text{ marks}$

			but has given the correct explanation, full credit should be given)	
28	26	26	<p>Q. Explain the process of controlling.</p> <p style="text-align: center;">OR</p> <p>Explain any four points highlighting the importance of controlling</p> <p>Ans. <u>The process of controlling involves the following steps:</u></p> <ol style="list-style-type: none"> 1. Setting performance standards. 2. Measurement of actual performance 3. Comparing actual performance with the standards. 4. Analysing deviations and taking corrective action. <p style="text-align: center;">OR</p> <p><u>Importance of controlling (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps in accomplishing organisational goals. 2. It helps in making efficient use of resources. 3. It ensures order and discipline. 4. It improves employee motivation. 5. It helps in judging accuracy of standards. 6. It facilitates co-ordination in action. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for naming each step + 1 mark for explanation = 1 ½ x 6 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 =6marks</p>
29	27	28	<p>Q. What is meant by dividend decision? State any four factors affecting the dividend decision.</p> <p style="text-align: center;">OR</p> <p>What is meant by financing decision? State any four factors affecting the financing decision.</p> <p>Ans. Dividend decision is the decision about how much of the profit earned by the company is to be distributed to the shareholders and how much of it is to be retained in business.</p> <p><u>Factors affecting dividend decision are (Any four):</u></p> <ol style="list-style-type: none"> 1. <u>Earnings</u> are a major determinant of dividend decision as dividends are paid out of current and past earnings. 2. <u>Stability of earnings</u> is another factor affecting dividend decision as a company having stable earnings is in a position to declare higher dividends. 3. Companies generally prefer to maintain <u>stability of dividends</u> while taking dividend decision. 4. If a company has good <u>growth opportunities</u>, it pays out less dividend. 	<p>2 marks for the meaning + 1 mark for each statement =1 x 4 =4 marks) = 2 + 4 =6marks</p>

5. A good cash flow position is necessary for declaration of dividend.
6. Shareholder's preference is kept in mind by the management before declaring dividends.
7. Taxation policy affects the dividend decision as a higher dividend distribution tax will lead to lesser dividend payout.
8. The possible stock market reaction on the share price to dividend policy is one of the important factors affecting dividend decision.
9. While taking dividend decision, companies take into consideration their access to capital market.
10. Certain provisions of the Companies Act i.e. legal constraints place restrictions on payout of dividend.
11. While taking dividend decision, companies keep in mind the restrictions imposed by the lenders i.e. contractual constraints.

(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)

OR

OR

Financing decision is the decision about the quantum of finance to be raised from various long term sources and how much is to be raised from each source.

Factors affecting financing decision are (**Any four**):

1. Cost of different sources of finance as some sources may be cheaper than others.
2. Risk associated with different sources of finance is different.
3. Higher the floatation costs, less attractive the source.
4. A stronger cash flow position may make debt financing more viable than funding through equity.
5. With higher fixed operating costs, lower fixed financing costs should be opted for.
6. Issue of more equity may lead to dilution of management's control over the business.
7. State of the capital market is considered while taking financing decision as in a depressed capital market, issue of equity shares may be difficult.

2 marks for the meaning + (1 mark for each statement =1 x 4 =4 marks) = 2 + 4 =6marks

30	28	29	<p>Q. Name that element of the marketing mix which affects the revenue and profits of the firm. Explain any five factors which help in determining that element.</p> <p style="text-align: center;">OR</p> <p>“Generally consumers prefer to buy goods directly from the producers but it is not always possible.” Give reasons. Why is it so by explaining four different factors responsible for this?</p> <p>Ans. The element of the marketing mix which affect the revenue and profits of the firm is PRICE. <u>Factors which help in price determination are (Any five):</u></p> <ol style="list-style-type: none"> 1. Product cost 2. Utility and demand. 3. Extent of competition in the market. 4. Government and legal regulations. 5. Pricing objectives 6. Marketing methods used. <p style="text-align: center;">OR</p> <p>Generally consumers prefer to buy goods directly from the producers but it is not always possible. This is so because of the following factors (Any four):</p> <ol style="list-style-type: none"> 1. <u>Product related factors</u> – Goods which are standardized, are non perishable, non complex or have a low unit value are sold by the producers through indirect channels. 2. <u>Company characteristics</u> – When the financial strength of the company is not very strong or when the company does not want control over the channel members, it may go in for indirect channels. 4. <u>Competitive factors</u> – The company may decide to use indirect channel either to go with the competitor or be different from them 4. <u>Market factors</u>- When the size of the market is large, consumers are widely dispersed or the order size is small, the company may decide to use indirect channels. 5. <u>Environmental factors</u> –Keeping in mind the economic conditions and legal constraints, a company may decide to use indirect channels. 	<p>1 mark for naming the element + (½ mark for naming the factor + ½ mark for explanation =1 x 5 =5 marks) =1 + 5 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming the factor + 1 mark for explanation =1 ½ x 4 =6 marks</p>
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27	29	30	<p>Q. Motivation plays an important role in the success of management. Explain any four points of importance of motivation in the light of the above statement.</p> <p style="text-align: center;">OR</p> <p>“Managerial functions cannot be carried out without an efficient system of communication. Do you agree with this statement? Give any four reasons in support of your answer.</p> <p>Ans. Importance of motivation (Any four):</p> <ol style="list-style-type: none"> 6. It helps to improve performance of employees. 7. It helps to change negative attitudes of employees to positive attitudes. 8. It helps to reduce employee turnover. 9. It helps to reduce absenteeism. 10. It helps managers to introduce changes smoothly. <p style="text-align: center;">OR</p> <p>Importance of communication (Any four):</p> <ol style="list-style-type: none"> 8. It helps in smooth working of an enterprise. 9. It boosts morale and provides motivation. 10. Establishes effective leadership. 11. It acts as a basis for co-ordination. 12. It acts as a basis for decision making. 13. It increases managerial efficiency. 14. It promotes co-operation and industrial peace. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1 \frac{1}{2} \times 4$ =6marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1 \frac{1}{2} \times 4$ =6marks</p>
26	30	27	<p>Q. Explain the process of staffing.</p> <p style="text-align: center;">OR</p> <p>Explain the process of selection of employees.</p> <p>Ans. The process of staffing has the following steps:</p> <ol style="list-style-type: none"> 1. Job analysis and manpower planning. 2. Recruitment and selection. 3. Placement and orientation. 4. Training, development and Performance appraisal 5. Compensation. 6. Promotion and career planning. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>The process of selection has the following steps:</p> <ol style="list-style-type: none"> 1. Preliminary screening.. 	<p>$\frac{1}{2}$ mark for naming each step + $\frac{1}{2}$ mark for explanation = 1×6 =6marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for</p>

			<ol style="list-style-type: none"> 2. Selection tests and employment interview. 3. Reference and background checks. 4. Selection decision. 5. Medical examination 6. Job offer and contract of employment. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p>	<p>naming each step + ½ mark for explanation = 1 x 6 =6marks</p>
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Q. SET No.			MARKING SCHEME-2009-10 BUSINESS STUDIES DELHI-66/1/3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1/1	66/1/2	66/1/3		
--	--	1	Q. List any two personal objectives of management. Ans. Personal objectives of management (Any two): 1. Competitive salaries and perks. 2. Peer recognition. 3. Personal growth and development of employees. (Or any other correct objective)	$\frac{1}{2} \times 2$ =1 mark
--	--	2	Q. Give any one reason why principles of management are not rigid prescriptions. Ans. Principles of management are not rigid prescriptions because they can be modified according to the needs of the situation.	1 mark
--	--	3	Q. State the objective of motion study. Ans. The objective of motion study is to eliminate unnecessary and wasteful motions so that it takes less time to complete the job efficiently.	1 mark
8	3	4	Q. "Cost of debt is lower than the cost of equity Share capital". Give reason why even then a company cannot work only with debt. Ans. A company cannot work only with debt because a company cannot be formed or exist without equity.	1 mark
7	5	5	Q. Name the financial decision which will help the businessman in opening a new branch of its business. Ans. Investment decision/ Fixed Capital decision/ Capital budgeting decision.	1 mark
9	6	6	Q. Which Act of Consumer Protection provides for the formation of 'Consumer Protection Councils' in every district and State of the country? Ans. Consumer Protection Act, 1986.	1 mark
3	2	7	Q. Volvo's Ltd. target is to produce 10,000 shirts per month at a cost of Rs.100 per shirt. The production manager achieved this target at a cost of Rs.90 per shirt. Do you think the production manager is effective? Give one reason in support of	1 mark

			<p>your answer. Ans. Yes, the production manager is effective because he has been able to achieve the target.</p>	
--	--	8	<p>Q. Give any one advantage of external source of recruitment. Ans. <u>Advantages of external source of recruitment (Any one):</u> 1. Qualified personnel. 2. Wider choice. 3. Fresh talent 4. Competitive spirit.</p>	1 mark
--	--	9	<p>Q. Name the method of training in which the trainee learns under the guidance of a master worker. Ans. Apprenticeship training.</p>	1 mark
--	--	10	<p>Q. Why is consumer protection important for businessmen? Give any one reason. Ans. Consumer protection is important for businessmen because of the following reasons (Any one): a. Long-term interests of business. b. Business uses society's resources. c. Social Responsibility. d. Moral Justification. e. Government Intervention.</p>	1 mark
14	12	11	<p>Q. Explain the following money market instruments: (a) Treasury bill (b) Commercial Paper. Ans. <u>Treasury bill</u> It is an instrument issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default. <u>Commercial Paper</u> It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p>	<p>1 ½ x 2 = 3 marks</p>

11	13	12	<p>Q. What is meant by planning? List any two features of planning.</p> <p>Ans. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p style="text-align: center;">OR</p> <p>Planning is deciding in advance what to do, how to do, when to do and by whom it is to be done. (or any other correct meaning)</p> <p><u>Features of planning are: (any two)</u></p> <ol style="list-style-type: none"> 1. Planning focuses on achieving objectives. 2. Planning is a primary function of management. 3. Planning is pervasive. 4. Planning is continuous. 5. Planning is futuristic. 6. Planning involves decision making. 7. Planning is a mental exercise. 	<p>2 marks for meaning + (½ mark for limitation $\frac{1}{2} \times 2 = 1$ = 2+1 =3 marks.</p>
13	11	13	<p>Q. Explain when and why the need is felt for having a framework, within which managerial and operating tasks are performed to accomplish desired goals. Name this 'framework' also.</p> <p>Ans. (a) The framework' is called <u>organisational structure.</u></p> <p>(b) <u>It is required: (any one)</u></p> <ol style="list-style-type: none"> 1. When an organisation grows in size or complexity 2. When an organisation is new, the structure is required after planning but before staffing. <p>(c) <u>Organisation structure is required because it helps in: (Any one)</u></p> <ol style="list-style-type: none"> 1. Clarity in working relationships. 2. Adaptation to change. 3. Effective administration. 4. Expansion and growth. 5. Optimum utilisation of resources. 6. Better co-ordination. 7. Smooth flow of communication. 8. Better control over the operations of the business. 	<p>1 mark for naming the framework + 1 mark for when required + 1 mark for why required = 1 + 1 + 1 = 3marks</p>
--	--	14	<p>Q. Explain by giving any three reasons why organising is considered an important function of management.</p> <p>Ans. <u>Organising is considered an important function of management because of (Any three):</u></p>	<p>½ mark for the heading + ½ mark for</p>

			<ol style="list-style-type: none"> 1. Benefits of specialisation. 2. Clarity in working relationships. 3. Optimum utilisation of resources. 4. Adaptation to change. 5. Effective administration. 6. Development of personnel. 7. Expansion and growth. 	<p style="text-align: right;">the explanation = 1 x 3 = 3 marks</p>
---	--	15	<p>Q. What is meant by 'selling concept' of marketing? Ans.</p> <ul style="list-style-type: none"> ▪ Selling concept is based on the belief that profits could be maximised by undertaking <u>aggressive selling and promotional efforts.</u> ▪ <u>Increasing sales volume</u> is considered to be the key to the success of a firm according to this concept. 	<p style="text-align: right;">1 ½ x 2 =3marks</p>
20	18	16	<p>Q. Explain the following rights of the consumers: (i) Right to safety (ii) Right to choose Ans. Right to safety</p> <ul style="list-style-type: none"> ▪ Right to be protected against goods and services which are hazardous to life and health. ▪ Right to get protection against the risks caused due to the use of substandard products or products that do not conform to the safety norms. <p><u>Right to choose</u></p> <ul style="list-style-type: none"> ▪ The consumer has the freedom to choose from a variety of products at competitive prices. ▪ Marketers should offer a wide variety of product in terms of quality, price, size etc. to enable the consumer to make the choice. 	<p style="text-align: right;">2 marks + 2 marks =2+2 =4marks</p>
18	17	17	<p>Q. Explain the meaning and the objective of Financial Management. Ans. Financial Management is concerned with management of flow of funds and involves <u>decisions relating to procurement of funds, investment of funds and distribution of earnings.</u></p> <p style="text-align: center;">OR</p> <p>Financial Management may be defined as <u>planning, organising, directing and controlling the financial activities</u> of an organisation.</p> <p><u>Objective of Financial Management:</u> The objective of financial management is to maximize shareholders wealth i.e. to <u>maximize the market price of equity shares</u> of the company This is because a <u>company's funds belong to the shareholders</u> and the manner in which these are invested and</p>	<p style="text-align: right;">2 marks for the meaning + 2 marks for the objective = 2 + 2</p>

			the return earned on them determines the market value or price of shares.	=4marks
17	16	18	<p>Q. Ayasha Ltd. assured their employees that inspite of recession no worker will be retrenched from the job.</p> <p>(i) Name and explain the type of incentive offered to the employees.</p> <p>(ii) Explain one more incentive of the same category.</p> <p>Ans. (i) The incentive is <u>Job security</u>. It is a non-financial incentive which refers to the stability about future income and work so that the employees do not feel worried on these aspects and work with greater zeal.</p> <p>(ii) <u>Exp'lanation of any one of the following incentives:</u></p> <p>(a) Status (b) Organisational climate (c) Career advancement opportunity (d) Job enrichment (e) Employee recognition programme (f) Employee participation (g) Employee empowerment.</p>	<p>(1 mark for naming the incentive + 1mark for its explanation = 2 marks) + (1 mark for naming the incentive + 1mark for its explanation = 2 marks) =2+2 = 4 marks</p>
19	--	19	<p>Q. State any two advantages and any two limitations of formal organisation.</p> <p>Ans. <u>Advantages of formal organisation (Any two):</u></p> <ol style="list-style-type: none"> 1. It is easier to fix responsibility since mutual relationships are clearly defined. 2. It helps in avoiding duplication of effort as roles are clearly defined. 3. It helps to maintain unity of command through an established chain of command. 4. It leads to effective accomplishment of goals by providing a framework for the operations to be performed. 5. It provides stability to the organisation since the working of the organisation continues despite the leaving of old employees. <p><u>Disadvantages of formal organisation (Any two):</u></p> <ol style="list-style-type: none"> 1. It leads to delay in decision making as the established chain of command has to be followed. 2. It does not provide adequate recognition to creative talent because of its rigid structure. 3. It is difficult to understand human relationships as it 	<p>1 x 2 = 2 marks + 1 x 2 = 2 marks = 2+2 =4 marks</p>

			places more emphasis on structure and work. 4. It does not provide a complete picture of how an organisation works.	
--	--	20	<p>Q. Explain 'objective' and 'strategy' as types of plans.</p> <p>Ans. Objective An objective is the end which the management seeks to achieve. An objective needs to be expressed in specific terms and is to be achieved within a given time period.</p> <p>Strategy A strategy is a comprehensive plan for accomplishing an organisation's objectives. It is a term used in defence parlance which means to prepare plans considering the plan of adversary. Whenever a strategy is formulated, the business environment needs to be taken into consideration.</p>	<p>2 marks</p> <p>+</p> <p>2 marks =2+2 =4marks</p>
23	--	21	<p>Q. Explain any five impacts of government policy changes on business and industry in India.</p> <p>Ans. Impact of government policy changes on business and industry in India (Any five):</p> <ol style="list-style-type: none"> 1. Increasing competition 2. More demanding customers 3. Rapidly changing technological environment 4. Necessity for change 5. Need for developing human resources. 6. Market orientation 7. Loss of budgetary support to the public sector. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>$\frac{1}{2}$ mark for the heading + $\frac{1}{2}$ mark for the explanation = 1 x 5 =5marks</p>
25	21	22	<p>Q. 'An important task in the marketing of goods relates to designing the label as it provides useful and detailed information about the product.' In the light of the above statement, draw a label for a liquid soap and highlight the important information to be provided on it.</p> <p>Ans. The following information is to be PROVIDED ON THE LABEL IN ANY FORM (Any five):</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <ol style="list-style-type: none"> 1. Name of the product 2. Name of the manufacturer. 3. Address of the manufacturer. 4. Net weight when packed. 5. Manufacturing date. 6. Expiry date. 7. Maximum retail price (MRP) 8. Batch number. 9. Directions for use 10. Contents </div>	<p>1 mark for each information = 1 x 5 5marks</p>

			(if an examinee has not given any of the headings as above but has given some other correct information, full credit should be given)	
22	23	23	<p>Q. (i) Name and explain the principle of management which requires judicious application of penalties by the management.</p> <p>(ii) Name and explain the technique of scientific management which helps in establishing interchangeability of manufactured parts and products.</p> <p>Ans. (i) The principle of management is '<u>Discipline</u>'. Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. Discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.</p> <p>(ii) The technique is '<u>Standardisation</u>'. It refers to the process of setting standards for every business activity-process, raw material, time, product, machinery, methods or working conditions etc.</p>	<p>(1 mark for naming the principle + 1 ½ marks for its explanation = 1 + 1 ½ = 2 ½) + (1 mark for naming the principle + 1 ½ marks for its explanation = 1 + 1 ½ = 2 ½) = 2 ½ + 2 ½ = 5marks</p>
--	--	24	<p>Q. Is management an art? Give any three reasons in support of your answer.</p> <p>Ans. Yes, management is an art. This is because of the following reasons:</p> <ol style="list-style-type: none"> 1. <u>Existence of theoretical knowledge.</u> As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in. 2. <u>Personalised application.</u> Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner. 3. <u>Based on continuous practice.</u> Management satisfies this criteria as a manager gains experience through regular practice and becomes more effective. 4. <u>Creativity.</u> Like any other art, a manager after studying various situations, formulates his own theories for use in a given situation. This gives rise to different styles of management. 	<p>½ mark + (½ mark for the heading + 1 mark for the explanation = 1 ½ x 3 = 4 ½) = ½ + 4 ½ =5marks</p>

			<p>5. <u>Situational</u> As in art, management deals with human beings who behave differently in different situations. Therefore, every situation has to be handled in a different manner.</p>	
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28	26	26	<p>Q. Explain the process of controlling. OR Explain any four points highlighting the importance of controlling <u>Ans. The process of controlling involves the following steps:</u></p> <ol style="list-style-type: none"> 1. Setting performance standards. 2. Measurement of actual performance 3. Comparing actual performance with the standards. 4. Analysing deviations and taking corrective action. <p>OR <u>Importance of controlling (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps in accomplishing organisational goals. 2. It helps in making efficient use of resources. 3. It ensures order and discipline. 4. It improves employee motivation. 5. It helps in judging accuracy of standards. 6. It facilitates co-ordination in action. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for naming each step + 1 mark for explanation = 1 ½ x 6 =6marks</p> <p>OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 =6marks</p>

26	30	27	<p>Q. Explain the process of staffing. OR Explain the process of selection of employees. Ans. <u>The process of staffing has the following steps:</u></p> <ol style="list-style-type: none"> 7. Job analysis and manpower planning. 8. Recruitment and selection. 9. Placement and orientation. 10. Training, development and Performance appraisal 11. Compensation. 12. Promotion and career planning. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p> <p style="text-align: center;">OR</p> <p><u>The process of selection has the following steps:</u></p> <ol style="list-style-type: none"> 7. Preliminary screening. 8. Selection tests and employment interview. 9. Reference and background checks. 10. Selection decision. 11. Medical examination 12. Job offer and contract of employment. <p>(if an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</p>	<p>$\frac{1}{2}$ mark for naming each step + $\frac{1}{2}$ mark for explanation = 1 x 6 =6marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for naming each step + $\frac{1}{2}$ mark for explanation = 1 x 6 =6marks</p>
29	27	28	<p>Q. What is meant by dividend decision? State any four factors affecting the dividend decision. OR What is meant by financing decision? State any four factors affecting the financing decision. Ans. Dividend decision is the decision about how much of the profit earned by the company is to be distributed to the shareholders and how much of it is to be retained in business. <u>Factors affecting dividend decision are (Any four):</u></p> <ol style="list-style-type: none"> 1. <u>Earnings</u> are a major determinant of dividend decision as dividends are paid out of current and past earnings. 2. <u>Stability of earnings</u> is another factor affecting dividend decision as a company having stable earnings is in a position to declare higher dividends. 3. Companies generally prefer to maintain <u>stability of dividends</u> while taking dividend decision. 4. If a company has good <u>growth opportunities</u>, it 	<p>2 marks for the meaning + 1 mark for each statement =1 x 4 =4 marks) = 2 + 4 =6marks</p>

- pays out less dividend.
5. A good cash flow position is necessary for declaration of dividend.
 6. Shareholder's preference is kept in mind by the management before declaring dividends.
 7. Taxation policy affects the dividend decision as a higher dividend distribution tax will lead to lesser dividend payout.
 8. The possible stock market reaction on the share price to dividend policy is one of the important factors affecting dividend decision.
 9. While taking dividend decision, companies take into consideration their access to capital market.
 10. Certain provisions of the Companies Act i.e. legal constraints place restrictions on payout of dividend.
 11. While taking dividend decision, companies keep in mind the restrictions imposed by the lenders i.e. contractual constraints.

(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)

OR

Financing decision is the decision about the quantum of finance to be raised from various long term sources and how much is to be raised from each source.

Factors affecting financing decision are (Any four):

1. Cost of different sources of finance as some sources may be cheaper than others.
2. Risk associated with different sources of finance is different.
3. Higher the floatation costs, less attractive the source.
4. A stronger cash flow position may make debt financing more viable than funding through equity.
5. With higher fixed operating costs, lower fixed financing costs should be opted for.
6. Issue of more equity may lead to dilution of management's control over the business.
7. State of the capital market is considered while taking financing decision as in a depressed capital market, issue of equity shares may be difficult.

OR

2 marks for the meaning + (1 mark for each statement =1 x 4 =4 marks) = 2 + 4 =6marks

Q. Name that element of the marketing mix which affects the revenue and profits of the firm. Explain any five factors which help in determining that element.

OR

“Generally consumers prefer to buy goods directly from the producers but it is not always possible.” Give reasons. Why is it so by explaining four different factors responsible for this?

Ans. The element of the marketing mix which affect the revenue and profits of the firm is PRICE.

Factors which help in price determination are (Any five):

1. Product cost
2. Utility and demand.
3. Extent of competition in the market.
4. Government and legal regulations.
5. Pricing objectives
6. Marketing methods used.

OR

Generally consumers prefer to buy goods directly from the producers but it is not always possible. This is so because of the following factors (**Any four**):

1. Product related factors – Goods which are standardized, are non perishable, non complex or have a low unit value are sold by the producers through indirect channels.
2. Company characteristics – When the financial strength of the company is not very strong or when the company does not want control over the channel members, it may go in for indirect channels.
5. Competitive factors – The company may decide to use indirect channel either to go with the competitor or be different from them
4. Market factors- When the size of the market is large, consumers are widely dispersed or the order size is small, the company may decide to use indirect channels.
5. Environmental factors – Keeping in mind the economic conditions and legal constraints, a company may decide to use indirect channels.

1 mark for naming the element

+

($\frac{1}{2}$ mark for naming the factor

+

$\frac{1}{2}$ mark for explanation

=1 x 5

=5 marks)

=1 + 5

=6marks

OR

$\frac{1}{2}$ mark for naming the factor

+

1 mark for explanation

=1 $\frac{1}{2}$ x 4

=6 marks

27	29	30	<p>Q. Motivation plays an important role in the success of management. Explain any four points of importance of motivation in the light of the above statement.</p> <p style="text-align: center;">OR</p> <p>“Managerial functions cannot be carried out without an efficient system of communication. Do you agree with this statement? Give any four reasons in support of your answer.</p> <p>Ans. <u>Importance of motivation (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps to improve performance of employees. 2. It helps to change negative attitudes of employees to positive attitudes. 3. It helps to reduce employee turnover. 4. It helps to reduce absenteeism. 5. It helps managers to introduce changes smoothly. <p style="text-align: center;">OR</p> <p><u>Importance of communication (Any four):</u></p> <ol style="list-style-type: none"> 1. It helps in smooth working of an enterprise. 2. It boosts morale and provides motivation. 3. Establishes effective leadership. 4. It acts as a basis for co-ordination. 5. It acts as a basis for decision making. 6. It increases managerial efficiency. 7. It promotes co-operation and industrial peace. <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 =6marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation = 1 ½ x 4 =6marks</p>
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