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# EXAMINATION PAPERS\_2019

## [DELHI (SET - I, II, III)]

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*Time Allowed: 3 Hours]*

*[Maximum Marks: 80*

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### **General Instructions:**

- (i) This question paper contains **five** Sections – A, B, C, D and E.
  - (ii) Section – A contains questions **1** to **8** carrying **one** mark each. Answer to these questions may be given in **one** word or a sentence.
  - (iii) Section – B contains questions **9** to **13** carrying **three** marks each. Answers to these questions may be in **50** to **75** words.
  - (iv) Section – C contains questions **14** to **19** carrying **four** marks each. Answers to these questions may be in about **120** words.
  - (v) Section – D contains questions **20** to **22** carrying **five** marks each. Answers to these questions may be in about **150** words.
  - (vi) Section – E contains questions **23** to **25** carrying **six** marks each. Answers to these questions may be in about **200** words.
  - (vii) There is no over-all-choice in the question paper, however an internal choice has been provided in **3** questions of **one** mark, 2 questions of **three** marks, 2 questions of **four** marks, **1** question of **five** marks and **1** question of **six** marks. You have to attempt only **one** of the choices in such questions.
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### **SET-I**

#### **Section-A**

**1. Define 'Workforce Analysis'.**

**1**

**Or**

**Define 'Selection'.**

**Ans.** Workforce analysis reveals the number and type of human resource available in an organisation.

**Or**

Selection is the process of identifying and choosing the best person out of a number of prospective candidates for a job.

**2. Appliances India Ltd. is engaged in manufacturing and distribution of home appliances since 1987. It has a good name in the market as the company is producing good quality appliances. It has separate departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialization.**

**Since the areas of operations of the company have increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the changing requirements of the environment.**

**State the general principle of management which the company wants to modify to meet the changing requirements.** **1**

**Ans.** The general principle of management which the company wants to modify here is Centralisation and Decentralisation.

**3. How does Financial Market facilitate 'Price Discovery' of financial assets?** **1**

**Ans.** Financial market establish prices of different financial assets by the interaction of forces of demand and supply of funds represented by business firms and households respectively.

**4. Biru Nandan, Chairman of Lalit group of companies founded 'Biru University' for undergraduate and postgraduate courses in diverse disciplines. The Information Technology department of the 'Lalit Power Ltd., had few vacancies related to Cyber Security. The Human Resource Department of the Company decided to recruit fresh engineering graduates from 'Biru University' for the same. Identify the type of source of recruitment.** **1**

**Ans.** External source of recruitment is opted here *viz.* campus recruitment.

**5. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organization in the long run.** **1**

**Ans.** Varsha Jain needs to develop objectives to provide direction and scope to her organisation in the long run.

**6. State any two 'Developmental Functions' of Securities and Exchange Board of India.** **1**

**Or**

**What is meant by 'Allocative Function' of Financial Markets?**

**Ans.** The two developmental functions of Securities and Exchange Board of India are:

(a) Giving training to intermediaries of securities market

(b) Undertaking measures to develop capital market through a flexible approach

**Or**

Allocative function of financial markets deals with mobilisation of funds from savers to investors by directing available funds to the most productive investment opportunity.

- 7. Beena has been using 'Klean', a famous detergent available in the market. On watching numerous advertisements in the television, she decided to try a new brand of detergent. When she went to the near-by store to purchase the same, she saw detergents of other producers making similar claims of whiteness and stain removing abilities. Hence she could not make up her mind as which detergent to purchase.**

**Name the objection of advertising being discussed in this case. 1**

**Ans.** Not in Syllabus

- 8. Give the meaning of 'Physical Distribution' as an element of Marketing Mix. 1**

**Or**

**What is meant by 'Marketing Management'?**

**Ans.** Physical distribution in marketing mix involves physical handling and movement of goods from the place of production to the place of consumption to create time and place utility.

**Or**

Not in Syllabus

### **Section-B**

- 9. JTM Ltd. launched 'Buddyline', an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their products from that of their competitors. They spent lot of efforts, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic products and can never be sure of the sale of their products. The efforts paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period of time, it became a status symbol to buy 'Buddyline' brand because of its quality. The consumers felt pride in using them.**

- (a) Identify the marketing management philosophy followed by JTM Ltd.**
- (b) Explain the advantages of branding to the marketeers highlighted in the above case. 3**

- Ans.** (a) The marketing management philosophy is societal concept.
- (b) The advantages of branding to the marketeers highlighted above are:
- (i) **Differential pricing.** It helps in creating a loyalty of the consumers towards the product. When consumers become habitual of using a particular product and are satisfied with its quality, they would happily pay a slightly higher price for it.
  - (ii) **Enable marking product differentiation.** Branding gives a specific name to a product and enables the firm to distinguish its product from its competitors. This enables the firm to have repeat sales.

**10. Mita has a successful ice cream business at Bikaner, namely ‘Smartflavours’. Her ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing.**

**Having the first mover advantage, her business was doing well. To earn higher profits, she started cutting costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it the competitors entered the market. She lost some of her market share to competitors.**

**At the beginning of summer season, she got back to back orders for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost. While completing activities and finishing the given task for achieving goals, Mita realized that she was ignoring one of the important aspects of management. Identify the aspects of management that has been ignored by Mita. Also explain the same with the help of an example. 3**

**Ans.** Mita ignored important aspects of management, that is, effectiveness and efficiency. For management, it is important to be effective and efficient. Efficiency means doing the task correctly and at minimum cost. Effectiveness implies doing the right tasks and completing activities and achieving goals. A manager has to balance both these aspects.

For example, Nikhil, a manager, in Fibro Ltd. got an order for the supply of 1,000 shirts to US by 30th March. The business cut down the cost and produced the shirts at a lower cost but could not meet the deadline for it. Here, the manager emphasised on being efficient but failed to be effective. Similarly, if he produced shirt by the deadline by incurring some extra expenses, which increases cost, implies he ignored being efficient.

**11. State 'Job Enrichment' and 'Employee Participation' as non-financial incentives. How do they motivate employees? 3**

**Ans. *Job enrichment.*** It is concerned with designing job in such a way that it includes greater variety of work content, require higher level of knowledge and skill. It aims at allocating more autonomy and responsibility to the employees. It motivates the employees as the job provide meaningful work experience and opportunity for personal growth.

***Employee participation.*** It means forming joint management committees, work committees, canteen committees etc. to ensure that the employees have a say on issues related to them. By doing so, the employees feel motivated as employees feel their authority.

**12. Explain the objectives of Financial Planning. 3**

**Or**

**What is meant by 'Financial Management'? State the primary objective of Financial Management.**

**Ans.** The two objectives of financial planning are:

- (a) ***Ensures availability of funds at appropriate time.*** The amount of funds required for different purposes are estimated, along with the time when it should be made available. Financial planning ensures possible sources to procure these funds at appropriate time.
- (b) ***Ensures that the cost of funds remains minimum.*** Financial planning sees that the firm does not raise resources unnecessarily. It helps to procure funds at minimum cost.

**Or**

Financial Management is concerned with optimal procurement and usage of finance in business. It aims at reducing the cost of funds procured, keeping risk under control and achieving effective deployment of such funds.

The primary aim of financial management is shareholder's wealth maximisation, *i.e.* maximising market price of the shares of the company. The funds of the company belong to the shareholders and the way they are invested and the return earned on it, determines the market value and price of the shares. The market price of equity shares increases, if benefit from a decision exceeds the cost involved. The share prices decreases, if the decision is wrong and the benefit derived from it is less than the cost involved. Thus, every decision taken aims at having value addition for the shareholders.

13. 'Science is a systematized body of knowledge that explains certain general truths or the operation of general laws.' In the light of this statement, describe management as a science. 3

Or

**Management is a complex activity that has three main dimensions. Explain these dimensions.**

**Ans.** Management is regarded as science because it fulfils the features of science. Science is characterised by four main features:

- (a) Existence of systematised body of knowledge
- (b) Use of scientific methods of observation.
- (c) Principle based on experiments
- (d) Universal validity of principles

On examination we find that, while management has some of these features, it does not have others. For instance, management has a systematised body of knowledge. Also principles of management are evolved on the basis of observation and repeated experimentation in various types of organisations.

But the methods of observation followed by management are not cent per cent objective because the subject is human beings whose behaviour cannot be predicted with absolute accuracy. The management principles are flexible and can be used in different situations with modification. So these principles do not have universal applicability.

Thus, Management may be called an inexact science as is the case with other social sciences. Moreover, it is a relatively new field of knowledge and most of its principles are still being evolved.

Or

Management is a multi-faceted concept as it deals with managing the work, people and operations. Management of work means management translates the work in terms of goals and assign means to achieve them. Management of people means it deals with employees as individuals with diverse needs and behaviour, simultaneously, it makes them work towards achieving the organisation's goals, by making their strengths effective and their weaknesses irrelevant. Further, management manages operations through which the inputs are converted into output. This is done by interlinking both the management of work and the management of people. Thus, the nature of management is a complex activity with these three dimensions.

### Section-C

14. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical fertilizers free vegetables. They conducted a survey to find out consumer preferences for such vegetables.

**They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found that 90% of households were**

searching for its alternatives. The company contacted a group of agriculture experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest.

**Identify and explain the two dimensions of business environment highlighted in the above para. 4**

- Ans.** The two dimensions of business environment highlighted in the paragraph are:
- (a) **Technological environment.** It includes the improvement and innovation in the technology that takes place from time to time. For example, online shopping has influenced the business to plan their distribution network.
  - (b) **Social environment.** It includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc. For example, the celebration of different festivals in India provides significant opportunities to different businesses.

**15. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analyzing and predicting the future to meet future events effectively.**

As they are responsible for providing direction to the organization, facts are thoroughly checked using scientific calculations. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.

**State any two limitations and any two features of planning discussed above. 4**

- Ans.** The two limitations of planning discussed above are:
- (a) **Planning is time consuming.** It requires a lot of time to collect information, its analysis and interpretation before preparing plans. Sometimes not much time is left for implementation of plans.
  - (b) **Planning leads to rigidity.** The existence of a plan puts managerial activities in a rigid framework. Observance of rules and procedures as laid down in the plan is emphasised more rather than achieving the goals.

The two features of planning discussed above are:

- (a) **Planning is futuristic.** Planning involves looking into future, analysing the conditions and predicting future events. The plans are drawn through forecasting and foreseeing the future events.

(b) *Planning is a mental exercise.* Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking.

**16. Vinber Ltd. set up a manufacturing unit at Bhiwadi in Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production upto 10 units would be acceptable.**

**At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found that fluctuation in production was due to irregular supply of electricity.**

(a) **The above para discusses some of the steps in the process of one of the functions of management. Explain these steps.**

(b) **Also, state the step(s) that have not been discussed in the above para. 4**

**Ans. (a)** The para discusses the steps of controlling function of management which are:

(i) *Setting performance standards.* Standards are the criteria against which actual performance will be compared.

(ii) *Measurement of actual performance.* Actual performance will be measured through techniques such as personal observation, sample checking, performance reports, etc.

(iii) *Comparison of actual performance with standards.* Comparison of actual performance with standard performance will reveal the deviation between the two.

(iv) *Analysing deviations.* Some amount of deviation can be expected in all activities, therefore, it is important to determine the acceptable range of deviations. Two important concepts, worth discussing here are:

- *Critical point control.* The key result areas are those areas which are critical to the success of an organisation. The deviations in these areas should be dealt with urgently.

- *Management by exception.* Only significant deviations that go beyond the permissible limits should be brought to the notice of the management. The deviations and their causes are then analysed. The causes can be unrealistic standards, defective process, inadequacy of resources and change in environmental factors etc. if the deviations go beyond the acceptable limits.

(b) The step of controlling not discussed above is taking corrective action. Corrective action might involve revising standards, training of employees, employing more workers, purchasing new machinery, etc. if the deviations go beyond the acceptable limits. Here, it can be installation of generator.

17. Organising involves a series of steps that need to be taken in order to achieve the desired goals. Explain these steps. 4

Or

Explain any four points of importance of 'Organising'.

Ans. The steps in the process of organising are:

- (a) **Identification and division of work.** It is the first step in the process of organising, wherein the work is identified and divided into manageable activities, so that, duplication of work is avoided and the burden of work can be shared among the employees.
- (b) **Departmentalisation.** After dividing the work into smaller and manageable activities, departments are created by grouping together, the activities of similar nature. This grouping can be done on the basis of territory, product or function etc.
- (c) **Assignment of duties.** After departmentalisation, each department is placed under the charge of an individual. This job allocation is done to the individuals considering their skills and competencies. The work must be assigned to those who are best suited to perform it well.
- (d) **Establishing reporting relationships.** After allocation of work, an individual should be made clear as to whom he is accountable and from whom he should take orders. The establishment of such relationships create structure and enhance coordination among the various departments.

Or

Organising plays a crucial role in an enterprise. The points which highlight its importance are:

- (a) **Benefits of specialisation.** Through organising, jobs are allocated amongst the workforce and it ensures that the specific worker performs specific job on a regular basis, which allows him to gain experience in that area and leads to specialisation.
- (b) **Clarity in working relationships.** Organising leads to the formation of organisational structure, which clarifies the authority-responsibility positions among individuals in the organisation. The path of flow of communication and accountability relationship is also specified.
- (c) **Optimum utilisation of resources.** The proper assignment of jobs avoids overlapping of work and makes the best possible use of the resources. The wastage of resources and efforts is minimised due to avoidance of duplication of work.
- (d) **Adaptation to change.** Organising allows a business enterprise to accommodate changes in the business environment and pave its way to smooth transition. The organisational structure can be suitably modified and inter-relationship among managerial levels can be revised. It gives stability to the organisation as it continues to survive and grow in spite of many changes.

- (e) *Effective administration.* Organising clarifies the working relationships and description of jobs. Thus, it enables proper execution of work. Management of an enterprise becomes easy and brings effectiveness in administration.
- (f) *Development of personnel.* Organising enables a manager to share his responsibilities with his subordinates through delegation. The manager develops new methods and ways of performing a task. It gives him time to explore areas for growth and opportunity to innovate and strengthen the company's competitive position. It also helps the subordinates to realise their full potential.
- (g) *Expansion and growth.* Organising helps an enterprise to deviate from existing norms and take up new challenges, thus, helping it to grow and expand.

(any four)

- 18. Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues. To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share of ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.**

**Various functions performed by the Stock Exchange are discussed in the above para. By quoting lines from the above para, state any four functions of stock exchange. 4**

**Ans.** The various functions of stock exchange are:

- (a) *Providing liquidity and marketability to existing securities.* A stock exchange provides a continuous market where securities are bought and sold. The investors can invest and disinvest in securities. Thus, it provides liquidity and marketability to already existing securities.
- (b) *Pricing of securities.* A stock exchange has a mechanism of constant valuation of securities through the forces of demand and supply. Such valuation provides important instant information to buyers and sellers in the market.
- (c) *Safety of transaction.* By regulating the membership and dealing of the stock exchange according to the existing legal framework, stock exchange ensures that the investing public gets a safe and fair deal in the market.
- (d) *Contributes to economic growth.* A stock exchange indirectly contributes to capital formation. Through the process of disinvestment and reinvestment, savings get channelised into the most productive investment avenues, leading to economic growth.

- (e) **Spreading of equity cult.** A stock exchange helps in better allocation of capital. The shares of companies with better performance and growth prospects, are quoted at a high price. These shares are also traded actively in the market. When such companies need funds and enter the capital market, their previous records help in raising additional capital. (any four)

**19. Explain any four points of difference between ‘Marketing’ and ‘Selling’.** **4**

**Or**

**Explain the following functions of marketing:**

- (a) **Product designing and development; and**  
(b) **Standardisation and Grading**

**Ans.** Not in Syllabus

**Or**

- (a) **Product designing and development.** An attractive product design is the key to effective marketing. Therefore, the product should be designed in such a way that it not only improves its performance but also gives the firm a competitive edge over its competitors.
- (b) **Standardisation and grading.** Standardisation refers to the process of producing the goods and services with predetermined specifications, which helps in achieving uniformity and consistency in output. It reduces the need for inspection, testing and evaluation of the products. Grading is the process of classification of the products into different groups, on the basis of some parameters like quality, quantity, size etc. It is very useful for the agricultural products.

### **Section-D**

**20. Explain any five points of significance of Principles of Management.** **5**

**Or**

**Explain the following techniques of Scientific Management:**

- (a) **Fatigue Study; and**  
(b) **Differential Piece Wage System**

**Ans.** The point highlighting the importance of principles of management are:

- (a) **Provide managers with useful insight into reality.** The principles of management provide managers with a useful insight into the real world situations. These enhance their knowledge, ability and understanding of the managerial situations and circumstances which enables them to make efficient decisions.
- (b) **Optimum utilisation of resources.** The principles of management equip the manager to foresee the cause and effect relationship of their decisions and actions. This limits the personal discretion or biasness in decision-making, thus, helping in the optimum utilisation of the resources.

- (c) **Meeting changing environment requirements.** The management principles are the general guidelines for the managers and are to be modified as per the given situation. This enables the managers to consider the dynamic business environment and take decisions accordingly.
- (d) **Helps in thoughtful decision-making.** The knowledge of the principles of management help a manager in taking thoughtful decisions. This helps in emphasising on logic rather than on trial and error or blind faith. The management decisions taken on the basis of management principles are free from any bias and prejudices and are justifiable for the intended purpose.
- (e) **Fulfilling social responsibility.** The management theories and principles evolve with time in response to the demand of the society in which they exist. New and contemporary meaning is given to them as per the requirement of time. Thus, by merely following these principles, an organisation fulfills its social responsibility.

**Or**

- (a) **Fatigue study.** It seeks to determine the amount and frequency of rest intervals in completing a task. This rest interval will help one to regain stamina and work again with same capacity. To ensure good performance, other causes for fatigue such as long working hours, bad working environment, uncordial relations with the boss, etc. should also be removed.
- (b) **Differential piece wage system.** Taylor devised the technique of differential piece wage system, which is the strongest motivator for a worker to reach standard performance. It determines the standard output per worker for a day and two differential piece wage rate, one for the efficient workers, producing equal to or more than the standard output and other for the inefficient workers, producing less than the standard output. The piece rate of efficient workers is slightly more than that of inefficient workers. According to Taylor, the difference in the wages earned by both, will motivate the inefficient workers to perform better. For example, in an organisation, the standard output is 20 units per day. A worker, producing 22 units is paid at the rate of ₹ 15 per unit *i.e.*, ₹ 330, whereas another worker who produces 19 units is paid at the rate of ₹ 14, *i.e.*, ₹ 266. The difference of ₹ 64 will motivate the inefficient worker to increase his efficiency.

**21. Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like televisions, refrigerators and air conditioners, often leaving them in a permanently damaged condition. N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220 V to 230 V. Once the demand for North India was taken care of, they decided to launch stabilizers of varying voltages from 90 V – 260 V for meeting**

**the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilizers but the product differed from region to region.**

**(a) Identify the organisational structure of N-Guard Company.**

**(b) State any two advantages and two limitations of the structure identified in the above para.** **5**

**Ans.** (a) N-Guard company has a divisional structure.

(b) The two advantages of divisional structure are:

(i) Divisional head gains experience in all functions related to a particular product. He develops varied skills which prepares him for higher position.

(ii) It is easy to fix responsibility and accountability. The divisional head is held responsible for the results of his department.

The two limitations of divisional structure are:

(i) It is costly and leads to duplication of activities as each division requires all resources and similar types of jobs.

(ii) Each divisional head focuses on his own division rather than on the organisational interest.

**22. Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee learning. They had entered into alliances with institutes to ensure continuous learning of their employees. With the jobs becoming more and more complex, KLI Global Services invested large amount of money in making the employees learn the skills necessary to complete the jobs.**

**State by giving any five points, how this investment is likely to benefit the organisation.** **5**

**Ans.** The investment done by KLI Global Services in providing training to its employees is likely to benefit the organisation in the following ways:

(a) It helps the workers in systematic learning of procedure to handle material and machine, instead of hit and trial method. This reduces wastage of efforts and money.

(b) It enhances the productivity of employees both qualitatively and quantitatively. This also results in increased profits.

(c) It is a source of motivation for employees thus, helps in reducing absenteeism and employee turnover.

(d) It prepares employees for taking up higher position, in case of need.

(e) It helps in obtaining effective response to the fast changing environment, whether technological or economic.

### Section-E

23. 'Determining the relative proportion of various types of funds depends upon various factors.' Explain any six such factors. 6

Or

**Explain any six factors affecting the decision that determines the amount of profit earned to be distributed and to be retained in the business.**

**Ans.** The relative proportion of various types of funds in capital determine our capital structure. Following are the factors affecting the choice of capital structure are:

- (a) **Cash flow position.** The size of projected cash flow must be considered before borrowing. The cash flow should be sufficient to cover fixed cash payment obligations, leaving sufficient buffer to cover the other investments and committed obligations of the business.
- (b) **Cost of equity.** The stock owners assume more risk as compared to the borrowers of the business, so they expect more rate of return from their investments. When a company increases debt, the financial risk faced by equityholders increases and consequently their desired rate of return also increases. For this reason, a company can not use debt recklessly. Therefore, the cost of equity may go up sharply with the use of debt.
- (c) **Floatation cost.** The floatation cost is the cost of raising funds from the market, be it equity or debt. This cost is to be considered before choosing the source of fund. Getting a loan from a financial institution may not cost so much, so this consideration affects the choice of capital structure.
- (d) **Stock market conditions.** In the case of bullish stock market, equity shares can be easily issued even at higher prices. The companies issue more of equity in such a situation. During a bearish phase, a company finds it difficult to raise funds through equity and thus may opt for debt.
- (e) **Flexibility.** If a firm uses its potential of issuing debt to the fullest, it loses its flexibility. To maintain flexibility, it must maintain some borrowing power to face any unforeseen circumstances.
- (f) **Control.** Equity shares give its holders a right to vote. So, when more equity shares are issued it causes a dilution of management's control in the company. It makes a company vulnerable to takeovers. This factor influences the choice between debt and equity especially in a company where the current holding of management is on lower side.

Or

The decision related to determination of distribution or retention of profit in business is dividend decision. The factors affecting the dividend decision are:

- (a) **Stability of earnings.** A company having a stable growth in the earnings pays regular dividend than a company with unstable earnings.
- (b) **Growth opportunities.** Companies retain some money out of their earnings to finance their future investment and expansion requirements. Thus, if a company foresees any growth opportunity, low dividend is declared.

- (c) **Cash flow position.** The payment of dividend involves an outflow of cash. Therefore, the availability of adequate cash should be ensured before declaring dividend.
- (d) **Taxation policy.** The taxation policy of government affects the dividend decisions in two ways:
  - (i) The tax rate on net profit of business affects the amount of dividend declared by the company. Higher the tax rate, lower will be the dividend.
  - (ii) The dividend policy of the firm is also influenced by the tax status of the shareholders. If dividend income is taxable, shareholders will prefer bonus shares or capital gain instead of dividend.
- (e) **Stability of dividends.** The companies generally follow a policy of stabilising dividend per share. It will increase dividend on the shares only when it is confident that the earning potential has gone up and it will be like this for the coming years also. In other words, dividend per share will not be altered if the change in earning is small or is seen to be a temporary phase.
- (f) **Shareholder's preferences.** The management have to take into consideration the preference of the shareholders while declaring dividend. Some shareholders prefer regular return on their investment, in that case keeping the shareholder's desire in general, the companies are likely to declare dividend accordingly.

**24. 'VOICE' is an important consumer organization. It organized workshops in the months of December in Delhi/NCR for consumers. The theme was 'Organic Food – From Farm to Plate', to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food, that contains chemicals and pesticides to organic food. Expert speakers from farmers' community explained the harmful effects of usage of pesticides in farming and the importance of organic food. People were informed that the organization regularly tests samples to detect adulteration like presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine 'Consumer Voice' to make people aware of quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy.**

**State the functions performed by the consumer organisation 'VOICE' for the protection and promotion of consumer interest by quoting lines from the above para.** **6**

**Ans.** The functions performed by 'VOICE' for consumer protection and promotion of consumer interest are:

- (a) They educate the general public about the consumer rights by organising training programmes, seminars and workshops.  
Quote: *'It organizes workshops ..... consumers.'*
- (b) They publish periodicals, journals and other publications to make people aware about consumer problems, legal reporting and reliefs available to them.  
Quote: *'The results of the tests ..... products.'*

(c) They carry out the lab testing of competing brands and publish the test results for the benefit of consumers.

Quote: *'People were informed ..... pesticides.'*

(d) They provide legal assistance to consumers by providing aid, legal advice etc.

Quote: *'It also provides aid ..... remedy.'*

**25. Pratap Singh is the Chief Executive Officer of Nissar Enterprises. It is an automobile parts manufacturing company. The enterprise has a functional structure, in which jobs of similar nature have been grouped together as Production, Finance, Marketing and Human Resource. Nissar Enterprises has its manufacturing unit at Manesar. The factory has been plagued with many problems for a long time which was in the knowledge of the Production Manager, Varun Sharma. The workers had internal differences. Time and again, there were misunderstandings between the management and the workers. Keeping the problems in mind, Varun Sharma appointed, Siyaram Singh who had 14 years of experience of working with the actual work force and passing on instructions of the middle management to the workers.**

**Siyaram Singh met Varun Sharma to understand what the management wanted?**

**Thereafter he met the workers and conveyed the ideas of management to them. He also promised the workers to convey their problems to the management. In this way, he cleared the misunderstanding between the management and the workers.**

**He also sorted out internal differences and was able to unite the workers within a month of his joining. His work was acknowledged by management and he was given a certificate of good performance along with 10% increase in salary.**

**(i) Siyaram Singh performed some of the functions which are required to be performed at the position he is working at. State any five other functions Siyaram Singh is expected to perform.**

**(ii) Name the incentives provided to Siyaram Singh. 6**

**Ans. (i) Not in Syllabus**

**(ii) The incentive provided to Siyaram Singh and pay and allowances and employee recognition.**

## **SET-II UNCOMMON QUESTIONS TO SET-I**

### **Section-B**

**9. What is meant by 'Capital Structure'? Explain any two factors that affect the capital structure of a company. 3**

**Or**

**Explain any three factors that affect the working capital requirements of a company.**

**Ans.** Capital structure refers to the mix between owners and borrowed funds. The two factors that affect the capital structure of a company are:

- (a) **Cash flow position.** The size of projected cash flow must be considered before borrowing. The cash flow should be sufficient to cover fixed cash payment obligations, leaving sufficient buffer to cover the other investments and committed obligations of the business.
- (b) **Cost of equity.** The stock owners assume more risk as compared to the borrowers of the business, so they expect more rate of return from their investments. When a company increases debt, the financial risk faced by equityholders increases and consequently their desired rate of return also increases. For this reason, a company can not use debt recklessly. Therefore, the cost of equity may go up sharply with the use of debt.

**Or**

The factors affecting the requirement of working capital are:

- (a) **Business cycle.** The different phases of business cycle affects the requirement of working capital. At the boom time, the sales and production of the business are more and so is the requirement of working capital. At the time of depression, sales as well as production are less and hence working capital requirement is small.
- (b) **Operating efficiency.** The firm managing its operations efficiently have lesser requirement of working capital as compared to a business working on a lesser degree of operational efficiency. The operational efficiency is reflected by inventory turnover ratio, trade receivables turnover ratio etc. The higher turnover ratios shows that less capital is tied up in inventories or trade receivables and, hence the requirement of working capital is lesser.
- (c) **Availability of raw material.** If the raw material and other required materials are available as and when required, there is no need of maintaining huge stock and hence less of the working capital shall be required. The time lag between the placement of order and actual receipt of material is also relevant here. The larger is the lead time, larger shall be the amount of working capital required.
- (d) **Level of competition.** Higher competition in the market forces a firm to keep larger stock of finished goods to meet urgent orders of customers. Further, to be competitive, there may be a need of giving liberal credit to the customers. This increases the need of working capital requirement. (any three)

**10. 'Co-ordination is needed at all levels of management and is the responsibility of all managers.' Explain. 3**

**Or**

**Explain any three reasons, which clarify that management is gaining importance day-by-day.**

**Ans.** Coordination is required at all the levels and departments of the organisation. Every activity undertaken is coordinated with other activities and then performed. This is because all the activities in the organisation are interdependent.

Further, coordination is not a task confined to top level managers only but managers at different levels coordinate the activities of organisation. The top level seeks to coordinate the overall policies of the organisation, middle level needs to coordinate with the top level and departmental activities. The lower level seeks to coordinate the activities of the workers.

**Or**

The three points of importance of management are:

- (a) ***Helps in achieving group goals.*** Management gives a common direction to the diverse individual efforts in achieving the overall goals of the organisation by creating team spirit and coordination.
- (b) ***Increases efficiency.*** Through better planning, organising, staffing, directing and controlling, a manager tries to achieve the goals at minimum cost, thus, increases efficiency.
- (c) ***Creates a dynamic organisation.*** Management helps its people to adapt easily to the changes in the environment by motivating them to do so. Thus, an organisation is able to maintain its competitive edge over its competitors.
- (d) ***Helps in achieving personal objectives.*** Management reconcile the personal objectives with organisational objectives. A manager motivates and leads his team in such a way that individual members realise the organisational goals along with their personal goals. He develops team spirit, cooperation and commitment among the group.
- (e) ***Helps in the development of society.*** Management serves multiple objectives in an organisation, *i.e.*, social, economic and personal. It aims at providing good quality goods and services for maximum satisfaction to its customers. It creates employment opportunities, adopts new technology and leads the path of growth and development for the society. (any three)

### **Section-C**

**14. Give the meaning of 'Informal Organisation'. State its any three advantages. 4**

**Or**

**What is meant by 'Delegation'? State any three points which highlight the importance of delegation in an organisation.**

**Ans.** Informal organisation is a network of personal and social relations that gets created automatically from within a formal organisation. It is formed to fulfil the psychological and social needs of the employees and enhances their job satisfaction.

The three advantages of informal organisation are:

- (a) Communication flows very fast as it does not follow scalar chain.
- (b) It fulfils the psychological and social needs of the employees.
- (c) It fills the inadequacies of formal organisation. Through it, the real feedback of employees on various plans and policies can be known by the top level managers.

**Or**

Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a pre-requisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities.

The importance of delegation of authority is as follows:

- (a) ***Reduces workload of managers.*** Delegation of authority permits a manager to share his workload with his subordinates. By passing on some of his own work to the subordinates, the manager is able to concentrate on more important aspects of his work. Delegation of authority takes place at all levels of the managers in a systematic manner.
  - (b) ***Basis of superior-subordinate relations.*** In delegation process, only superior and subordinates are involved. If superiors share or pass on their responsibilities and authorities to their subordinates, it indicates a good relationship between superiors and subordinates because superiors will transfer their responsibilities and authorities only when they have trust on their subordinates.
  - (c) ***Effective management.*** Managers are able to function more efficiently as they get more time to concentrate on high priority activities. They can excel in new areas by delegating the routine work to their subordinates.
  - (d) ***Employee development.*** Delegation gives employees opportunities to utilise their talent. It empowers them to use their skills and gain experience, for holding higher positions.
  - (e) ***Motivates employees.*** Delegation not only implies sharing of work but also shows trust and confidence of a superior in his subordinate. This enhances self-esteem and motivates the subordinates to improve their performance further.
  - (f) ***Facilitation of growth.*** Delegation trains and gives experience to the employees to play a significant role in the launch of new projects. Thus, at the time of expansion of an organisation, ready workforce is provided to take up leading posts.
- (any three)

16. Differentiate between ‘Advertising’ and ‘Personal Selling’ on any four bases. 4

Or

Explain the following functions of marketing:

(a) Marketing planning; and

(b) Customer support services

| Ans. | Basis           | Advertising  | Personal Selling  |
|------|-----------------|--|---|
|      | (a) Cost        | The cost per person reached is low in advertising.   | The cost per person reached is high in personal selling.  |
|      | (b) Suitability | It is more useful in marketing a product or service whose consumer’s are spread over large geographical area.    | It is more helpful in selling industrial products and goods whose dealers and retailers are relatively few in number. |
|      | (c) Reach       | It can cover a large number of people within a shorter period of time.   | It can cover a limited number of people within a time period.   |
|      | (d) Feedback    | It lacks direct feedback.  | It provides direct and immediate feedback.  |
|      | (e) Form        | It is an impersonal form of communication.   | It is a personal form of communication.   |
|      | (f) Flexibility | A standard message is transmitted to all the customers without differentiating their needs, so it is inflexible. | The sales talk is adjusted according to the need of the customer, so it is flexible.                                  |

(any four)

Or

(a) **Marketing planning.** In this function of marketing, a detailed marketing plan is framed so that marketing objectives can be achieved. This plan can be to introduce a new product, promote an existing product, capture or enhance the existing market share. It consists of decisions regarding the type of product, market, means of production and sale.

(b) **Customer support services.** In order to maximize the level of customer’s satisfaction, businesses should develop customer support services such as after sales services, handling customer complaints and adjustments, providing credit services, maintenance services, technical services and consumer information helplines. These services help in bringing repeated sales from the customers and develop brand loyalty for a product.

## Section-D

21. Explain any five features of principles of management.

5

Or

Explain the following principles of scientific management:

- (a) **Harmony, not discord; and**
- (b) **Development of each and every person to his or her greatest efficiency and prosperity**

**Ans.** The characteristics/features of principles of management are:

- (a) **Universal applicability.** A manager can apply principles of management in all types of organisations, irrespective of its size, ownership and aim. These principles can be applied at any level of management in the organisation. However, the extent of their applicability may vary according to the nature of organisation.
- (b) **Cause and effect relationships.** The principles of management intend to establish cause and effect relationship so that they can be used in different situations or cases with ease. It tells us about the likely effects of following or violating a principle. But principles of management are less than perfect since they deal with human behaviour. In real life situations, as situations are not identical, predicting the human reactions accurately is difficult.
- (c) **Mainly behavioural.** The principles of management aim at influencing the behaviour of human beings. They enable a better understanding of relationship between human and material resources in accomplishing the organisational goals. They pertain to things and phenomenon also, but emphasis is more on human behaviour.
- (d) **Contingent.** The application of principles of management is contingent, *i.e.*, dependent upon the prevailing situation at a particular point of time. A manager has to see the requirement of the situation and then apply the principles accordingly.
- (e) **Flexible.** In current scenario, the environment is everchanging and dynamic and no principle will be equally effective in all situations. Therefore, these principles need to be modified and adjusted as per the given situation. This makes these principles dynamic in nature.

Or

- (a) **Harmony, Not Discord.** In an organisation, there may exist a class conflict between management and workers. Taylor recognised that this conflict helped none, neither the workers nor the management. He emphasised for complete harmony between the management and workers. They, both, should realise the importance of one another. There should be complete mental revolution on the part of management and workers. Management should share the gains

with the workers and workers should work hard and be willing to embrace change for the good of company. They should understand that the true interest of the two are one and the same and the prosperity of one should be accompanied by prosperity of the other.

- (b) ***Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.*** Workers development is very important for building and sustaining efficiency in an organisation. Taylor advocated that the workers should be trained to learn the best method of doing a work which can be developed only through scientific analysis. Further, each person in an organisation should be scientifically selected and the work should be assigned to him according to his/her physical, mental and intellectual capabilities. Efficient employees would produce more and more and this will ensure greatest efficiency and prosperity for both the company and the workers.

### Section-E

24. “Sound Financial Planning is essential for the success of any enterprise.” Explain this statement by giving any six reasons. 6

Or

**Explain the three major decisions that finance manager has to take while performing the finance function.**

**Ans.** The points that highlight the importance of financial planning are:

- (a) It helps in forecasting different business situations taking into account all future possibilities.
- (b) It helps in avoiding business shocks and surprises and in preparing for the future.
- (c) It helps in coordinating various business functions by providing clear policies.
- (d) It provides a link between the financing and investment decisions on a continuous basis.
- (e) It helps in preparing detailed plan of action, thus, reducing wastage and duplication of efforts.
- (f) It spells out detailed objectives for various business segments, making evaluation of actual performance easier.

Or

The three major decisions that finance manager has to take while performing the finance function are:

- (a) ***Investment decision.*** The first and foremost decision which a business must take is to allocate resources or capital to different investment proposals. The benefit of these investments may not be realised immediately since the value of future benefits is not known. These investments involve risks. Therefore, the risk factor also has to be considered. Different investment proposals are

evaluated on the basis of their expected returns and risks involved. Investment in long-term assets is known as capital budgeting decision and those relating to short-term assets are known as working capital decisions.

- (b) **Financing decision.** The second decision which concerns a company is how to finance the activities of the business. There are different sources of finance like shares, debentures and loans. But a proper mix of all these types of securities is essential. The combination of shares, loans and debentures constitute the capital structure of a company. The best financing mix or capital structure has to be decided which involves determining the proportion or ratio of shares and debentures in the capital structure.
- (c) **Dividend decision.** The third decision to be taken is the disposal of profits. Profits are required for a number of purposes. Some amount of profit has to be recycled in the business for reinvestment and expansion of business activities. This part of the profit is retained in the business and is called retained earnings. The rest of the profit then has to be distributed to shareholders in the form of dividends. How much to retain for reinvestment and expansion and how much to pay out as dividends to the shareholders, are another crucial decisions to be taken by the company.

### SET-III UNCOMMON QUESTIONS TO SET-I & SET-II

12. 'Co-ordination is the essence of management.' Explain.

3

Or

**'Art is concerned with personal application of knowledge.' In the light of this statement compare all the features of management with art and prove that it is an art.**

**Ans.** Coordination is the essence of management as it is a act of synchronisation of different activities in an organisation. It ensures harmony among individual efforts towards the accomplishment of group goals. Its importance in an organisation is growing due to following reasons.

- (a) **Growth in size.** With the growth of an organisation in size, the number of its employees employed by the organisation also increases. All the individuals differ in their habits of work, background and attitude. They may have their own individual goals also. It is through coordination that a manager harmonise individual and organisational goals.
- (b) **Functional differentiation.** An organisation may have departments based on different functions. These departments have their own objectives, policies and style of working. The activities of each department have to be focused on attainment of common organisational goals. Coordination links the activities of different departments towards accomplishment of common goals.

- (c) **Specialisation.** Work specialisation is a marked feature of present day organisation. Therefore, an organisation needs to employ number of specialists, who usually think, evaluate and judge according to their professional criteria. It can lead to conflict amongst different specialists. Thus, coordination helps to reconcile the differences in approach, interest and opinion of the specialists.

**Or**

The following points prove that management is an art:

- (a) **Existence of theoretical knowledge.** Art assumes that there exists certain theoretical knowledge. In Management, there is existence of theoretical knowledge. Lot of literature is available for marketing, finance and human resources, etc.
- (b) **Personalised application.** Art is a personalised concept as application of knowledge varies from person to person. A manager applies the acquired knowledge in personalised manner according to a given situation.
- (c) **Based on practice and creativity.** Art involves the creative practice of theoretical knowledge. Managers also apply the principles differently depending on how creative, imaginative and innovative they are.

### **Section-C**

**14. Price of a product is influenced by many factors. Explain any four such factors. 4**

**Or**

**Distinguish between 'Product' and 'Production' concepts of marketing philosophies on the following bases:**

- |                           |                       |
|---------------------------|-----------------------|
| (a) <b>Starting Point</b> | (b) <b>Main Focus</b> |
| (c) <b>Means</b>          | (d) <b>Ends</b>       |

**Ans.** The factors affecting price of a product are:

- (a) **Product cost.** The cost of producing a good or service sets the minimum level of price to be set for a product. All the firms strive to cover their costs at least in the long run. In addition, they aim to earn a margin of profit above it.
- (b) **The utility and demand.** The utility provided by the product and intensity of demand of the customer sets the upper limit of price for a product. The buyer is ready to pay the price which is less than or equal to the utility derived from the product. Thus, a product having higher utility can be highly priced. Similarly, intensity of demand determines its elasticity. If demand of a product is elastic, firm cannot fix higher prices but if the demand is inelastic, the firm can fix higher prices also.
- (c) **Extent of competition in the market.** The nature and degree of competition in the market determines the level of price for a product. In case of high competition and conditions of perfect competition, prices will tend to be set at the lowest level. In case of lesser competition and monopoly, the firm can set the prices at a higher level.

- (d) **Government and legal regulations.** In order to protect the interest of public against the unfair trade practices, government can intervene and regulate the prices of the commodities. Government can declare a product as an essential product and regulate its price.
- (e) **Pricing objectives.** Pricing objective is another important factor affecting fixation of price of a product. A firm having the objective of profit maximisation will fix higher price of its product but if the objective is to obtain larger share of the market, it will keep the price of its product at lower levels. (any four)

Or

| Basis              | Product Concept   | Production Concept  |
|--------------------|---|---|
| (a) Starting point | It starts from the factory.   | It also starts with the factory.  |
| (b) Main focus     | It focusses on enhancing the quality of a product by adding more features.                                    | It focusses on increasing the production of a product to reduce average cost.     |
| (c) Means          | This can be done through adding superior values to the product in terms of quality, performance and features. | This can be achieved through easy availability of a product at affordable prices. |
| (d) Ends           | Its ends are earning profit through product quality.  | Its ends are earning profit through volume of production.                         |

18. What is meant by 'Decentralisation'? State any three points that highlight the importance of decentralisation in an organisation. 4

Or

Give the meaning of 'Formal Organisation'. State its any three advantages.

**Ans.** Decentralisation refers to the systematic effort to delegate to the lowest level all authority except that which can be exercised at central points. In other words, decentralisation is delegation of authority throughout the organisation.

The importance of decentralisation of authority is as follows:

- (a) **Reduction in workload of top executives.** In a decentralised organisation, the top executives are not burdened by the problems and complexities of administrative details. Therefore, they have enough time to plan ahead, develop new strategies and concentrate on coordination and control.
- (b) **Motivation of employees.** A decentralised organisation improves motivation of employees because it encourages lower levels to take decisions without seeking approval from higher levels. It gives employees a sense of importance, recognition and responsibility.

- (c) **Improved teamwork.** In a decentralised organisation, managers make special efforts to seek the participation of subordinates in decision-making, have constant open communication and take personal interest in their welfare. These factors lead to superior teamwork.

**Or**

The organisational structure designed and established by management is called formal organisation. It is an official set up to achieve certain goals. It is a system of clearly defined activities and relationships which are intended to divide and integrate the activities of the organisation.

The advantages of formal organisation are:

- (a) As mutual relationships are clearly defined, fixing the responsibility is much easier.
- (b) Unity of command is maintained through an established chain of command.
- (c) Leads to effective accomplishment of goals.
- (d) Easier to fix responsibility since mutual relationships are clearly defined.

(any three)

### **Section-D**

**22. Explain the following techniques of scientific management:**

**5**

(a) **Motion Study**

(b) **Time Study**

**Or**

**Explain how principles of management help the managers:**

(a) **in taking scientific decisions**

(b) **in providing the managers with useful insights into real world situations**

- Ans.** (a) **Motion study.** This study carefully observes each movement undertaken while doing a job and seeks to eliminate the unnecessary movements so that less time is taken to complete that job. Thereby, the productivity increases considerably. In the process of study, Taylor advocates use of stopwatches and varied symbols and colours to identify the productive, unproductive and incidental motions.
- (b) **Time study.** It is an art of observing and recording the time required to do each detailed element of an industrial operation. The purpose of time study is to determine the precise time required for each element of a man's work. It helps in fixing the standard time required to do a particular job.

**Or**

- (a) **Scientific decisions/helps in thoughtful decision making.** Management principles help in thoughtful decision-making. They emphasise logic rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation.

- (b) *Provides managers with useful insight into reality.* The principles of management provide managers with a useful insight into the real world situations. These enhance their knowledge, ability and understanding of the managerial situations and circumstances which enables them to make efficient decisions.

### Section-E

25. 'Determining the overall cost of capital and the financial risk of the enterprise depends upon various factors.' Explain any six such factors. 6

Or

**You are the Finance Manager of a newly established manufacturing company. Explain any six factors that you will consider while determining the fixed capital requirements of the company.**

**Ans.** The factors affecting the choice of capital structure are:

- (a) *Cash flow position.* The size of projected cash flow must be considered before borrowing. The cash flow should be sufficient to cover fixed cash payment obligations, leaving sufficient buffer to cover the other investments and committed obligations of the business.
- (b) *Cost of equity.* The stock owners assume more risk as compared to the borrowers of the business, so they expect more rate of return from their investments. When a company increases debt, the financial risk faced by equityholders increases and consequently their desired rate of return also increases. For this reason, a company can not use debt recklessly. Therefore, the cost of equity may go up sharply with the use of debt.
- (c) *Floation cost.* The floation cost is the cost of raising funds from the market, be it equity or debt. This cost is to be considered before choosing the source of fund. Getting a loan from a financial institution may not cost so much, so this consideration affects the choice of capital structure.
- (d) *Stock market conditions.* In the case of bullish stock market, equity shares can be easily issued even at higher prices. The companies issue more of equity in such a situation. During a bearish phase, a company finds it difficult to raise funds through equity and thus may opt for debt.
- (e) *Flexibility.* If a firm uses its potential of issuing debt to the fullest, it loses its flexibility. To maintain flexibility, it must maintain some borrowing power to face any unforeseen circumstances.
- (f) *Control.* Equity shares give its holders a right to vote. So, when more equity shares are issued it causes a dilution of management's control in the company. It makes a company vulnerable to takeovers. This factor influences the choice between debt and equity especially in a company where the current holding of management is on lower side.

**Or**

The factors affecting the requirement of fixed capital are:

- (a) **Nature of business.** The fixed capital requirement of an enterprise depends upon the nature of business whether it is manufacturing or trading. A manufacturing concern has to invest in plant and machinery. A trading industry needs less of the fixed capital since it does not have to invest much in these assets.
- (b) **Scale of operations.** A large organisation operating at a higher scale needs bigger plant, more space etc. so, it requires higher investment in fixed assets as compared to smaller organisations operating on a smaller scale.
- (c) **Choice of technique.** A capital intensive organisation needs to invest more in plant and machinery. Labour intensive organisations rely more on manual labour. So, the fixed capital requirement will be more in case of a capital intensive organisation than a labour intensive organisation.
- (d) **Technology upgradation.** An organisation, whose assets are prone to obsolescence, requires more fixed capital as there is a frequent need of upgrading the technology and changing of fixed assets. Thus, the fixed assets requirement is more in this type of organisation.
- (e) **Financing alternatives.** A developed financial market may provide leasing facility to an organisation. A firm can take an asset on lease instead of outright purchase. In such a case, it has to only pay rental for it and by doing so the need of huge sum of funds required to purchase the asset can be avoided. This reduces the fixed capital requirement.
- (f) **Growth prospects.** A company which foresees growth and expansion possibility choose to create higher capacity in order to meet the anticipated higher demand quickly. This requires more fixed capital.

***-Strictly Confidential: (For Internal and Restricted Use Only)***  
**Senior School Certificate Examination**  
**March -----2018-19**  
**Marking Scheme---Business Studies 66/1/1, 66/1/2, 66/1/3**

**General Instructions:**

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. Small mistakes in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. Evaluation is a 10-12 days mission for all of us. Hence, it is desired from you too give your best in this process.
2. Evaluation is to be done as per instructions provided in the marking scheme. It should not be done according to one's own interpretation or any other consideration. Marking scheme should be strictly adhered to and religiously followed. However, while evaluating answers which are based on latest information or knowledge and innovative may be assessed and marks be awarded to them.
3. The head examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per instructions given in the marking scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking and encircled.
4. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.
5. If a question does not have any parts marks must be awarded in the left hand margin and encircled.
6. If a student has attempted an extra question ,answer of the question deserving more marks should be retained and other answer scored out
7. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.
8. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
9. Every examiner should stay full working hours i.e. 8 hours every day and evaluate 25 answer books.

10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 simply to pass him/ her.

11. Avoid the following common type of errors committed by the examiners in the pat-

- Leaving answers or parts thereof unassessed in the answer script.
- Giving more marks for an answer than assigned to it or deviation from the marking scheme.
- Wrong transference of marks from the inside pages of the answer books to the title page.
- Wrong question wise totaling on the title page.
- Wrong totaling of marks of the two columns on the title page.
- Wrong grand total.
- Marks in words and figures not tallying.
- Wrong transference of marks from answer books to award list.
- Answer marked as correct but marks not awarded.
- Half or a part of answer marked correct and the rest as wrong but no marks awarded.

12. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.

13. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.

14. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.

15. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

16. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

**BUSINESS STUDIES  
ZONE 1**

| 66<br>/1<br>/1   | 66<br>/1<br>/2 | 66<br>/1<br>/3 | <b>MARKING SCHEME – 2018-19<br/>BUSINESS STUDIES<br/>66/1/1<br/>EXPECTED ANSWERS / VALUE POINTS</b>  | <b>Marks</b>   |
|------------------|----------------|----------------|--|--|
| <b>SECTION A</b> |                |                |  |  |
| 1                | 3              | 5              | <p><b>Q. Define ‘Workforce Analysis’.</b></p> <p>Ans. Workforce Analysis is an assessment of the number and type of human resources available for the performance of various jobs and accomplishment of organisational objectives.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Define ‘Selection’.</b></p> <p>Ans. Selection is defined as the process of choosing from among the pool of prospective job candidates developed at the stage of recruitment.</p> <p style="text-align: center;"><b>or</b></p> <p>Ans. Selection is defined as the process of identifying and choosing the best person(s) out of a number of prospective candidates for the job.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p> | <p><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>1 mark</b></p> |
| 2                | 4              | 6              | <p><b>Q. Appliances India Ltd is engaged in manufacturing and distribution of home appliances since 1987. It has a good name in the market as the company is producing good quality appliances. It has separate departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialisation. Since the areas of operation of the company have</b></p>   |  |

|   |   |   |  |  |
|---|---|---|--|--|
|   |   |   | <p><b>increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the changing requirements of the environment. State the general principle of management which the company wants to modify to meet the changing requirements.</b></p> <p><b>Ans.</b> The general principle of management which the company wants to modify is the Principle of <u>Division of work</u> which states that the work should be divided into small tasks/ jobs each performed by a specialist.</p> | <p><b>½ mark for identifying the principle<br/>+<br/>½ mark for stating the principle<br/>=<br/>1 mark</b></p> |
| 3 | 5 | 7 | <p><b>Q. How does Financial Market facilitate ‘Price Discovery’ of financial assets?</b></p> <p><b>Ans.</b> Financial Market facilitates price discovery for financial assets by interaction of forces of demand and supply.</p>   | <p><b>1 mark</b></p>   |
| 4 | 6 | 8 | <p><b>Q. Biru Nandan, Chairman of Lalit group of companies founded ‘Biru University’ for undergraduate and postgraduate courses in diverse disciplines. The Information Technology department of the Lalit Power Ltd., had few vacancies related to Cyber security. The Human Resource Department of the Company decided to recruit fresh engineering graduates from ‘Biru University’ for the same. Identify the type of source of recruitment.</b></p> <p><b>Ans.</b> External source of recruitment/ Campus Recruitment</p>                     | <p><b>1 mark</b></p>   |
| 5 | 7 | 1 | <p><b>Q. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used,</b></p>   |  |

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|   |   |   | <p><b>pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organisation in the long run.</b></p> <p>Ans. Strategy</p>  | <b>1 mark</b>  |
| 6 | 8 | 2 | <p><b>Q. State any two ‘Developmental Functions’ of Securities and Exchange Board of India.</b></p> <p>Ans. <u>Developmental functions of SEBI: (Any two)</u></p> <p>(i) It trains intermediaries of the securities market.</p> <p>(ii) It conducts research and publishing information useful to all market participants.</p> <p>(iii) It undertakes measures to develop the capital markets by adapting a flexible approach.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘Allocative Function’ of Financial Markets?</b></p> <p>Ans. Allocative function of financial market means allocating or directing funds available for investment into their most productive investment opportunity.</p> <p style="text-align: center;"><b>or</b></p> <p>Allocative function of financial market means mobilization of savings and channelizing them into the most productive use.</p> | <p style="text-align: center;"><math>\frac{1}{2} \times 2</math><br/>=<br/><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>1 mark</b></p> |
| 7 | 1 | 3 | <p><b>Q. Beena has been using ‘Klean’, a famous detergent available in the market. On watching numerous advertisements in the television, she decided to try a new brand of detergent. When she went to the near-by store to purchase the same, she saw detergents of other producers making similar claims of whiteness and stain removing abilities.</b></p>  |  |

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|                  |    |    | <p>Hence she could not make up her mind as which detergent to purchase. Name the objection of advertising being discussed in this case.</p> <p>Ans. Advertising confuses the buyers</p>  | 1 mark   |
| 8                | 2  | 4  | <p><b>Q. Give the meaning of ‘Physical Distribution’ as an element of Marketing Mix.</b></p> <p>Ans. <u>Place or Physical Distribution</u> means set of activities that make firm’s products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘ Marketing Management’?</b></p> <p>Ans. Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer values of management.</p> <p style="text-align: center;">or</p> <p>Marketing management refers to planning, organising, directing and control of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.</p> | <p>1 mark</p> <p style="text-align: center;"><b>OR</b></p> <p>1 mark</p> |
| <b>SECTION B</b> |    |    |  |  |
| 9                | 11 | 13 | <p><b>Q. JTM Ltd launched ‘Buddyline’, an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their product from that</b></p>   |  |

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|    |    | <p>of their competitors. They spent lot of effort, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic product and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price.</p> <p>Over a period of time, it became a status symbol to buy 'Buddyline' brand because of its quality. The consumers felt pride in using them.</p> <p>(i) Identify the marketing management philosophy followed by JTM Ltd.</p> <p>(ii) Explain the advantages of branding to the marketers highlighted in the above case.</p> <p>Ans. (i) Societal marketing philosophy.</p> <p>(ii) <u>Advantages of branding highlighted in the above case are: (Any two)</u></p> <p>(a) Helps in product differentiation.</p> <p>(b) Helps in advertising and display programmes.</p> <p>(c) Differential pricing.</p> | <p><b>1 mark</b></p> <p><math>\frac{1}{2}</math> mark for heading<br/>+<br/><math>\frac{1}{2}</math> mark for its explanation<br/><math>1 \times 2</math><br/>=<br/><b>2 marks</b><br/>=<br/><math>1+2</math><br/>=<br/><b>3 marks</b></p>   |
| 10 | 12 | 9   | <p><b>Q. Mita has a successful ice cream business at Bikaner, namely 'Smartflavours'. Her ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing.</b></p> <p><b>Having the first mover advantage, her business was</b></p> |

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|  |  | <p><b>doing well. To earn higher profits, she started cutting down costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it the competitors entered the market. She lost some of her market share to competitors.</b></p> <p><b>At the beginning of summer season, she got back to back orders for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost.</b></p> <p><b>While completing activities and finishing the given task for achieving goals, Mita realised that she was ignoring one of the important aspects of management.</b></p> <p><b>Identify the aspects of management that has been ignored by Mita. Also explain the same with the help of an example.</b></p> <p><b>Ans. <u>Efficiency</u></b></p> <p>Efficiency means doing the task correctly and with minimum cost.</p> <p><b><u>Example</u></b></p> <p>Say, a company's target production is 5,000 units in a year. The manager wants to achieve the production target by cutting down costs. He was able to cut down costs but could not achieve the target production. In this case, the manager was efficient but not effective.</p> <p><b>(or any other correct example)</b></p> <p><b>or</b></p> <p><b><u>Effectiveness</u></b></p> | <p><b>1 mark for identifying the aspect</b></p> <p><b>+</b></p> <p><b>1 mark for its explanation</b></p> <p><b>+</b></p> <p><b>1 mark for correct example</b></p> <p><b>=</b></p> <p><b>3 marks</b></p> |
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|    |    |    | <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company’s target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> <p style="text-align: center;"><b><u>or</u></b></p> <p><u>Efficiency and Effectiveness</u></p> <p>Efficiency means doing the task correctly and with minimum cost.</p> <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company’s target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.</p> <p>In the above situation, if the manager was able to achieve the production target but at a higher cost, he would have been effective but not efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> |  |
| 11 | 13 | 10 | <p><b>Q. State ‘Job Enrichment’ and ‘Employee Participation’ as non-financial incentives. How do they motivate employees?</b></p> <p><b>Ans. <u>Job Enrichment</u></b></p>   |  |

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|    |   | <ul style="list-style-type: none"> <li>▪ Job Enrichment means designing jobs that include greater variety of work content, require higher level of knowledge and skill, give workers more autonomy and responsibility and provide the opportunity for personal growth and a meaningful work experience.</li> <li>▪ If jobs are enriched and made more interesting, the job itself becomes a source of motivation to the individual.</li> </ul> <p><u>Employee Participation</u></p> <ul style="list-style-type: none"> <li>▪ Employee Participation means giving more autonomy and powers to the employees.</li> <li>▪ It makes them feel that their jobs are important and this feeling makes them contribute positively to the use of their skills and talents in the job performance.</li> </ul> | <p><b>1 ½ marks</b></p> <p style="text-align: center;">+</p> <p><b>1 ½ marks</b></p> <p style="text-align: center;">=</p> <p><b>3 marks</b></p>  |
| 12 | - | <p><b>Q. Explain the objectives of Financial Planning.</b></p> <p><b>Ans. <u>Objectives of financial planning:</u></b></p> <p>(i) <u>To ensure availability of funds whenever required</u> which involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds.</p> <p>(ii) <u>To see that the firm does not raise resources unnecessarily as</u> excess funding is almost as bad as inadequate funding. Financial planning ensures that enough funds are available at right time.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘Financial Management’? State the primary objective of Financial Management.</b></p> <p><b>Ans. <u>Financial Management</u> means management of</b></p>            | <p><b>1 ½ marks</b></p> <p style="text-align: center;">+</p> <p><b>1 ½ marks</b></p> <p style="text-align: center;">=</p> <p><b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p> |

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|    |   | <p>flow of funds and involves decisions relating to procurement of funds, investment of funds and distribution of earnings to the owners.</p> <p style="text-align: center;"><b>or</b></p> <p>Financial Management means planning, organising, directing and controlling the financial activities of an organisation.</p> <p><u>Primary objective of Financial Management:</u></p> <p>The primary objective of financial management is to maximize shareholders wealth. i.e. to maximize the market price of equity shares of the company.</p>  | <p><b>1 ½ marks</b></p> <p style="text-align: center;">+</p> <p><b>1 ½ marks</b></p> <p style="text-align: center;">=</p> <p><b>3 marks</b></p> |
| 13 | - | <p><b>Q. Science is a systematized body of knowledge that explains certain general truths or the operation of general laws.’ In the light of this statement, describe management as a science.</b></p> <p><b>Ans.</b> Science is a systematized body of knowledge that explains certain general truths or the operation of general laws.’ Management is a science but not an exact science. The reasons are:</p> <p>(i) <u>Systematised body of knowledge.</u></p> <p>Like science, management is a systematised 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>(ii) <u>Principles based on observation and experimentation</u></p> <p>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</p> | <p style="text-align: center;"><b>1 x 3</b></p> <p style="text-align: center;">=</p> <p><b>3 marks</b></p>                                      |

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|    |    |    | <p>being accurately predicted.</p> <p>(iii) <u>Universal validity.</u></p> <p>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><i>(The statement that Management is not an exact science may be given at the beginning or at the end of the question)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Management is a complex activity that has three main dimensions. Explain these dimensions.</b></p> <p><b>Ans.</b> Management is a complex activity that has three main dimensions. The dimensions are:</p> <p>(i) Management of work</p> <p>(ii) Management of people</p> <p>(iii) Management of operations</p> | <p style="text-align: center;"><b>OR</b></p> <p><b>½ mark for heading</b><br/>+<br/><b>½ mark for its explanation</b><br/>=<br/><b>1 x 3</b><br/>=<br/><b>3 marks</b></p> |
|    |    |    | <b>SECTION C</b>  |   |
| 14 | 17 | 15 | <p><b>Q. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical free fertilizers vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching for alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They</b></p>   |   |

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|    |    | <p><b>decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest.</b></p> <p><b>Identify and explain the two dimensions of business environment highlighted in the above para.</b></p> <p><u>Ans. Dimensions of business environment highlighted above are:</u></p> <p>(i) <u>Social Dimension</u></p> <p>Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.</p> <p>(ii) <u>Technological Dimension</u></p> <p>Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p> | <p><b>1 mark for identifying each dimension</b><br/>+<br/><b>1 mark for its explanation</b><br/>=<br/><b>2 + 2</b><br/>=<br/><b>4 marks</b></p>  |  |
| 15 | 18 | 16  | <p><b>Q. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively.</b></p> <p><b>As they are responsible for providing direction to the organisation, facts are thoroughly checked through scientific calculations. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring</b></p> |  |

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|    |    | <p><b>intelligent imagination and sound judgement, it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.</b></p> <p><b>State two limitations and two features of planning discussed above.</b></p> <p><b>Ans. <u>Two limitations of planning discussed above are:</u></b></p> <p>(i) <u>Planning reduces creativity</u> as it is mostly done by the top management; rest of the members just carry out orders and think on the same lines as others.</p> <p>(ii) <u>Planning involves huge costs</u> in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> <p><b><u>Two features of planning discussed above are:</u></b></p> <p>(i) <u>Planning is futuristic</u> as it involves looking ahead and preparing for the future to meet future events effectively to the best advantage of the organisation.</p> <p>(ii) <u>Planning is a mental exercise</u> as it requires application of mind involving foresight, intelligent imagination and sound judgement. It is an intellectual activity of thinking rather than doing.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> | <p><b>1 x 4</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>  |
| 16 | 19 | 17  | <p><b>Q. Vinber Ltd. set up a manufacturing unit at Bhiwadi at Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that</b></p> |

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|  |  | <p><b>variation in production upto 10 units would be acceptable.</b><br/> <b>At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found out that fluctuation in production was due to irregular supply of electricity.</b><br/> <b>(a) The above para discusses some of the steps of one of the functions of management. Explain the steps.</b><br/> <b>(b) Also, state the step(s) not discussed in the above para.</b></p> <p><b>Ans.</b><br/> <b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards<br/> (ii) Measuring actual performance<br/> (iii) Comparing actual performance with standards and Analysing deviations</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p><b><u>(b) Step not discussed in the above para:</u></b></p> <p><u>Taking corrective action</u> if deviations go beyond the acceptable limits.</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p style="text-align: center;"><b>or</b></p> <p><b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards<br/> (ii) Measuring actual performance</p> | <p>(½ mark for naming the step<br/> +<br/> ½ mark for its explanation<br/> 1 x 3<br/> =<br/> <b>3 marks)</b></p> <p style="text-align: center;">+</p> <p><b>(1 mark)</b><br/> =<br/> <b>3+1</b><br/> =<br/> <b>4 marks</b></p> <p style="text-align: center;">or</p> <p>(½ mark for naming the step<br/> +<br/> ½ mark for its</p> |
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|    |   | <p>(iii) Analysing deviations</p> <p><b>(b) <u>Steps not discussed in the above para:</u></b></p> <p>(i) Comparing actual performance with standards to find out the deviation.</p> <p>(ii) Taking corrective action if deviations go beyond the acceptable limits.</p> <p><b>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</b></p>   | <p><b>explanation</b><br/> <math>1 \times 3</math><br/> <math>=</math><br/> <b>3 marks)</b><br/> <math>+</math></p> <p><math>(\frac{1}{2} \times 2</math><br/> <math>=</math><br/> <b>1 mark)</b></p> <p><math>=</math><br/> <math>3+1</math><br/> <math>=</math><br/> <b>4 marks</b></p> |
| 17 | - | <p><b>Q. Organising involves a series of steps that need to be taken in order to achieve the desired goal. Explain the steps.</b></p> <p><b>Ans. <u>Steps in the process of organising:</u></b></p> <p>(i) Identification and division of work.</p> <p>(ii) Departmentalisation.</p> <p>(iii) Assignment of duties/ Assignment of duties to job positions.</p> <p>(iv) Establishing reporting relationships.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain any four points of importance of ‘Organising’.</b></p> <p><b>Ans. <u>Importance of organising: (Any four)</u></b></p> | <p><math>\frac{1}{2}</math> mark for heading<br/> <math>+</math><br/> <math>\frac{1}{2}</math> mark for its explanation<br/> <math>1 \times 4</math><br/> <math>=</math><br/> <b>4 marks</b></p> <p style="text-align: center;"><b>OR</b></p>   |

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|    |    |    | <p>(a) Benefits of specialisation</p> <p>(b) Clarity in working relationships.</p> <p>(c) Optimum utilisation of resources.</p> <p>(d) Adaptation to change.</p> <p>(e) Effective administration.</p> <p>(e) Development of personnel.</p> <p>(f) Expansion and growth.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p>   | <p><b>½ mark for heading</b><br/>+<br/><b>½ mark for its explanation</b><br/><b>1 x 4</b><br/><b>=</b><br/><b>4 marks</b></p> |
| 18 | 15 | 19 | <p><b>Q. Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues. To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments. Various functions performed by the Stock Exchange are discussed in the above para. By quoting the lines from the above para, state any four functions of stock exchange.</b></p> <p><u>Ans. Various functions performed by the Stock Exchange are:</u></p> <p><b>(i) Providing liquidity and marketability to existing securities as the stock exchange creates a continuous</b></p> |   |

|       |           | <p>market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</p> <p><i>It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</i></p> <p>(ii) <b>Contributes to economic growth</b> as through process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</p> <p><i>Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</i></p> <p>(iii) <b>Safety of transactions</b> as the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.</p> <p><i>Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework</i></p> <p>(iv) <b>Spreading of equity cult as the stock exchange</b> ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</p> <p><i>Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</i></p> | <p>½ mark for quoting the line<br/>+<br/>½ mark for the statement<br/>1 x 4<br/>=<br/>4 marks</p>  |       |           |         |  |  |  |
|-------|-----------|---|--|-------|-----------|---------|--|--|--|
| 19    | -         | -   | <p><b>Explain any four points of difference between Marketing and Selling.</b></p> <p><b>Ans.</b> Difference between marketing and selling are:<br/><b>(Any four)</b></p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Marketing</th> <th>Selling</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Basis | Marketing | Selling |  |  |  |
| Basis | Marketing | Selling   |  |       |           |         |  |  |  |
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|  |  |  | Part of the process vs wider term                        | Marketing is a wider term consisting of number of activities like identification of customers needs, developing the products to satisfy those needs, fixing prices and persuading the potential buyers to buy the same. | Selling is a part of the process of marketing and is concerned with promoting and transferring possession and ownership of goods from the seller to the buyer. | <b>1 x 4</b><br><b>=</b><br><b>4 marks</b> |
|  |  |  | Transfer to title vs satisfying customers needs          | Marketing focuses on achieving maximum satisfaction of the customer's needs and wants.  | Selling focuses on affecting transfer of title and possession of goods from sellers to consumers or users.   |  |
|  |  |  | Profit through maximizing sales vs customer satisfaction | Aims at maximizing of customer satisfaction as a route to profit maximisation.  | Selling aims at maximising profits through sales volume  |  |
|  |  |  | Start and end of activities                              | Marketing begins before production and continues even after the sale has taken place.   | Selling begins after production and ends with the sale of goods.   |  |
|  |  |  | Difference in the Emphasis                               | In marketing, the attempt is to develop the product and other strategies as per the customer needs.   | In selling, the emphasis is on bending the customer according to the product   |  |
|  |  |  | Difference in the Strategies                             | Marketing uses integrated marketing efforts involving strategies in respect of product, promotion, pricing and physical distribution.   | Selling involves efforts like promotion and persuasion   |  |
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|    |   |   | <b>OR</b>  | <b>OR</b>   |
|    |   |   | <p><b>Q. Explain the following functions of marketing:</b><br/> <b>(i) Product designing and development</b><br/> <b>(ii) Standardization and Grading</b></p> <p><b>Ans. (i) Product designing and development</b></p> <p>- Product designing and development helps to make the <u>product attractive</u> to the target customers.</p> <p>- A good design can <u>improve performance</u> of a product and also give it a <u>competitive advantage</u> in the market.</p> <p><b>(ii) Standardisation and Grading</b></p> <p>- <u>Standardisation ensures uniformity and consistency</u> in output reducing the need for inspection and testing of the products.</p> <p>- <u>Grading ensures that the goods belong to a particular quality</u> and helps in realising higher prices for better quality products.</p> | <p><b>2 marks</b></p> <p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>   |
|    |   |   | <b>SECTION D</b>   |   |
| 20 | - | - | <p><b>Q. Explain any five points of significance of Principles of Management.</b></p> <p><b>Ans. Importance of principles of management: (Any five)</b></p> <p>(i) Provide the managers with useful insights into reality.</p> <p>(ii) Help in optimum utilisation of resources and effective administration.</p> <p>(iii) Help in taking scientific decisions.</p> <p>(iv) Help in meeting changing environment requirements.</p> <p>(v) Help in fulfilling social responsibility.</p>  | <p><b>½ mark for heading</b></p> <p>+</p> <p><b>½ mark for its explanation</b></p> <p><b>1 x 5</b></p> <p>=</p> <p><b>5 marks</b></p> |

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|    |    |    | <p>(vi) Used as a basis for management training, education and research.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain the following Techniques of Scientific Management:</b></p> <p><b>(a) Fatigue Study</b></p> <p><b>(b) Differential Piece Wage System</b></p> <p><b>Ans.</b></p> <p><b>(a) <u>Fatigue Study</u></b></p> <ul style="list-style-type: none"> <li>▪ Fatigue Study determines the amount and frequency of rest intervals in completing task.</li> <li>▪ The rest intervals help the workers to regain stamina and work again with the same capacity resulting in increased productivity.</li> </ul> <p><b>(b) <u>Differential Piece Wage System</u></b></p> <ul style="list-style-type: none"> <li>▪ Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.</li> <li>▪ In this plan, there are two piece rates – one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.</li> <li>▪ This acts as an incentive for a less efficient worker to be motivated to perform better.</li> </ul> | <p style="text-align: center;"><b>OR</b></p> <p><b>2½ marks</b></p> <p><b>2½ marks</b></p> <p style="text-align: center;">=</p> <p><b>5 marks</b></p> |
| 21 | 22 | 20 | <b>Voltage fluctuations have been common and quite high in India. They harm our electrical appliances</b>   |   |

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|  |  | <p>like television, refrigerators and air conditioners, often leaving them in a permanently damaged condition.</p> <p>N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220V-230V. Once the demand for the North India was taken care of, they decided to launch stabilizers of varying voltages from 90 V -260V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilizers but the product differed from region to region.</p> <p>(a) Identify the organisational structure of N-Guard Company.</p> <p>(b) State any two advantages and two limitations of the structure identified in the above para.</p> <p>Ans. <u>FUNCTIONAL STRUCTURE</u></p> <p><u>Advantages of Functional structure:</u> (Any two)</p> <p>(a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions.</p> <p>(b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(c) It increases <u>managerial and operational efficiency</u> resulting in increased profit.</p> <p>(d) It <u>lowers cost</u> as it reduces duplication of effort.</p> <p>(e) It makes <u>training of employees easier</u> as it focuses on a limited range of skills.</p> <p>(f) It ensures that different <u>functions get due attention</u>.</p> <p><i>(If an examinee has given only the heading, ½ mark</i></p> | <p>1 mark</p> <p>+</p> <p>1 x 2<br/>=<br/>2 marks</p> <p>+</p> |
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|    |    |    | <p><i>for each heading should be awarded)</i></p> <p><b><u>Two limitations of Functional structure are: (Any two)</u></b></p> <p>(a) Creation of functional empires where less emphasis is placed on overall objectives of the enterprise and more on the objectives pursued by a functional head.</p> <p>(b) Problems in coordination as information has to be exchanged across functionally differentiated departments.</p> <p>(c) Inter-departmental conflicts may arise when the interest of two or more departments are not compatible.</p> <p>(d) Inflexibility as people with the same skills and knowledge may develop a narrow perspective</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>   | <p><b>1 x 2</b><br/>=<br/><b>2 marks</b></p> <p><b>=</b><br/><b>1+2+2</b></p> <p><b>=</b><br/><b>5 marks</b></p> |
| 22 | 20 | 21 | <p><b>Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee learning. They had entered into alliances with institutes to ensure continuous learning of their employees. With the jobs becoming more and more complex, KLI Global Services invested large amount of money in making the employees learn the skills necessary to complete the jobs. State by giving any five points, how this investment is likely to benefit the organisation.</b></p> <p><b>Ans. <u>Benefits of training to the organisation:</u></b></p> <p>(i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods.</p> | <p><b>1 x 5</b><br/>=<br/><b>=</b></p>   |

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|                  |   | <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and quality leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> to take over in an emergency.</p> <p>(iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism.</p> <p>(v) It helps in <u>obtaining effective response in a fast changing environment</u></p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>   | <b>5 marks</b>  |
| <b>SECTION E</b> |   |   |   |
| 23               | - | <p><b>Q. Determining the relative proportion of various types of funds depends upon various factors. Explain any six such factors.</b></p> <p><u>Ans. Following are the factors affecting the choice of capital structure of a company: (any six)</u></p> <p>(i) Cash flow position</p> <p>(ii) Interest coverage ratio</p> <p>(iii) Debt service coverage Ratio</p> <p>(iv) Return on Investment</p> <p>(v) Cost of debt</p> <p>(vi) Tax rate</p> <p>(vii) Cost of equity</p> <p>(viii) Floatation costs</p> <p>(ix) Fixed operating costs</p> <p>(x) Risk consideration</p> | <p><b>½ mark for heading</b><br/>+<br/><b>½ mark for its explanation</b><br/><b>1 x 6</b><br/><b>=</b><br/><b>6 marks</b></p> |

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|  |  | <p>(xi) Flexibility</p> <p>(xii) Control</p> <p>(xiii) Regulatory framework</p> <p>(xiv) Stock market conditions</p> <p>(xv) Capital structure of other companies</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain any six factors affecting the decision that determines the amount of profit earned to be distributed and to be retained in the business.</b></p> <p><b><u>Ans.</u> Factors affecting dividend decision of a company are: (Any six)</b></p> <p>(i) Amount of earnings.</p> <p>(ii) Stability of earnings.</p> <p>(iii) Stability of dividends.</p> <p>(iv) Growth opportunities.</p> <p>(v) Cash Flow position.</p> <p>(vi) Shareholders preference.</p> <p>(vii) Taxation policy.</p> <p>(viii) Stock market reaction.</p> <p>(ix) Access to capital market.</p> <p>(x) Legal constraints.</p> <p>(xi) Contractual constraints.</p> | <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>½ mark for heading<br/>+<br/>½ mark for its explanation<br/>1 x 6<br/>=<br/>6 marks</b></p> |
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|    |    |    | (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)  |   |
| 24 | 25 | 23 | <p><b>‘VOICE’ is an an important consumer organisation. It organised workshops in the months of December in Delhi/ NCR for consumers. The theme was ‘Organic Food –From Farm to Plate’ to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food that contains chemicals and pesticides to organic food. Expert speakers from farmers’ community explained the harmful effects of usage of pesticides in farming and the importance of organic food. People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine’ Consumer Voice’ to make people aware of quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy.</b></p> <p><b>State the functions performed by the Consumer Voice for the protection and promotion of consumer interest by quoting lines from the above para.</b></p> <p><b>Ans.</b> Functions performed by the Consumer Voice for the protection and promotion of consumer interest:</p> <p>(a) <u>Educating the general public about consumer rights by organising training programmes, seminars and workshops.</u></p> <p><i>‘organised consumer workshops in the months of December in Delhi/ NCR on the theme, of ‘Organic Food –From Farm to Plate’, as a part of its initiative to spread awareness on the importance of organic farming’</i></p> <p>(b) <u>Publishing periodicals and other publications to</u></p> | <p><b>1 mark for stating</b><br/>+<br/><b>½ mark for quoting</b><br/><b>1 ½ x 4</b><br/><b>=</b><br/><b>6 marks</b></p> |

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|    |    |    | <p><u>impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.</u></p> <p><i>'The results of the tests are published in their monthly magazine' Consumer Voice' to make people aware of quality of different products'</i></p> <p>(c) <u>Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.</u></p> <p><i>'People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides'</i></p> <p>(d) <u>Providing legal assistance to consumers by the way of providing aid, legal advice etc. in seeking legal remedy.</u></p> <p><i>'It also provides aid and legal advice to the consumers in seeking a remedy'</i></p>  |  |
| 25 | 23 | 24 | <p><b>Pratap Singh is the Chief Executive Officer of Nissar Enterprises. It is an automobile parts manufacturing company. The enterprise has a functional structure, in which jobs of similar nature have been grouped together as Production, Finance, Marketing and Human Resource. Nissar Enterprises has its manufacturing unit at Manesar. The factory has been plagued with many problems for a long time which was in the knowledge of the Production Manager, Varun Sharma. The workers had internal differences. Time and again, there were misunderstandings between the management and the workers. Keeping the problems in mind, Varun Sharma appointed, Siyaram Singh who had 14 years of experience of working with the actual work force and passing on instructions of the middle management to the workers. Siyaram Singh met Varun Sharma to understand what the management wanted. Thereafter he met the</b></p> |  |

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|  |  | <p><b>workers and conveyed the ideas of management to them. He also promised the workers to convey their problems to the management. In this way, he cleared the misunderstanding between the management and the workers.</b></p> <p><b>He also sorted out internal differences and was able to unite the workers within a month of his joining. His work was acknowledged and he was given a certificate of good performance along with 10% increase in salary.</b></p> <p><b>(i) Siyaram Singh performed some of the functions which are required to be performed at the position he is working at. State any five other functions Siyaram Singh is expected to perform.</b></p> <p><b>(ii) Name the incentives provided to Siyaram Singh.</b></p> <p><b>Ans.</b></p> <p>(i) Five other functions Siyaram Singh is expected to perform are:</p> <p>(a) <u>Maintaining day to day contact</u> and friendly relations with the workers. He should act as a friend, philosopher and a guide to the workers.</p> <p>(b) <u>Providing good on the job training</u> to the workers to build an efficient team.</p> <p>(c) <u>Building up high morale</u> among workers through good leadership.</p> <p>(d) <u>Giving feedback to the workers</u> after analysing their work and suggesting ways of developing their work skills</p> <p>(e) <u>Ensuring performance of work</u> according to the targets set.</p> <p>(f) To <u>oversee the efforts</u> of the workforce. <span style="border: 1px dashed black; padding: 2px;">L<br/>SEP</span></p> <p>(g) To <u>ensure that the quality of output is maintained</u> and wastage of <span style="border: 1px dashed black; padding: 2px;">L<br/>SEP</span> material is minimized.</p> <p><span style="border: 1px dashed black; padding: 2px;">L<br/>SEP</span></p> <p>(h) To <u>ensure safety standards are maintained</u> .</p> | <p style="text-align: center;"><b>1 x 5</b><br/><b>=</b><br/><b>5 marks</b></p> <p style="text-align: center;">+</p> |
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|  |  |  | <p><b><u>(ii) Incentives provided to Siyaram Singh are:</u></b></p> <p>(a) Pay and allowances/ Financial Incentive</p> <p>(b) Employee Recognition Programmes/ Non Financial Incentive</p> | <p><math>\frac{1}{2} \times 2</math><br/>=<br/><b>1 mark</b></p> <p>=<br/><b>5+1</b><br/>=<br/><b>6 marks</b></p> |
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|   |   |   | Marketing management refers to planning, organising, directing and control of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.  | <b>1 mark</b>  |
| 1 | 3 | 5 | <p><b>Q. Define ‘Workforce Analysis’.</b></p> <p>Ans. Workforce Analysis is an assessment of the number and type of human resources available for the performance of various jobs and accomplishment of organisational objectives.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Define ‘Selection’.</b></p> <p>Ans. Selection is defined as the process of choosing from among the pool of prospective job candidates developed at the stage of recruitment.</p> <p style="text-align: center;"><b>or</b></p> <p>Ans. Selection is defined as the process of identifying and choosing the best person(s) out of a number of prospective candidates for the job.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p> | <p><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>1 mark</b></p> |
| 2 | 4 | 6 | <p><b>Q. Appliances India Ltd is engaged in manufacturing and distribution of home appliances since 1987. It has a good name in the market as the company is producing good quality appliances. It has separate departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialisation. Since the areas of operation of the company have increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the</b></p>  |  |

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|   |   |   | <p><b>changing requirements of the environment. State the general principle of management which the company wants to modify to meet the changing requirements.</b></p> <p><b>Ans.</b> The general principle of management which the company wants to modify is the Principle of <b><u>Division of work</u></b> which states that the work should be divided into small tasks/ jobs each performed by a specialist.</p>   | <p>½ mark for identifying the principle + ½ mark for stating the principle = 1 mark</p> |
| 3 | 5 | 7 | <p><b>Q. How does Financial Market facilitate ‘Price Discovery’ of financial assets?</b></p> <p><b>Ans.</b> Financial Market facilitates price discovery for financial assets by interaction of forces of demand and supply.</p>   | <p>1 mark</p>   |
| 4 | 6 | 8 | <p><b>Q. Biru Nandan, Chairman of Lalit group of companies founded ‘Biru University’ for undergraduate and postgraduate courses in diverse disciplines. The Information Technology department of the Lalit Power Ltd., had few vacancies related to Cyber security. The Human Resource Department of the Company decided to recruit fresh engineering graduates from ‘Biru University’ for the same. Identify the type of source of recruitment.</b></p> <p><b>Ans.</b> External source of recruitment/ Campus Recruitment</p> | <p>1 mark</p>   |
| 5 | 7 | 1 | <p><b>Q. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organisation in the long run.</b></p>   |   |

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|   |   |   | Ans. Strategy   | 1 mark   |
| 6 | 8 | 2 | <p><b>Q. State any two ‘Developmental Functions’ of Securities and Exchange Board of India.</b></p> <p>Ans. <u>Developmental functions of SEBI: (Any two)</u></p> <p>(i) It trains intermediaries of the securities market.</p> <p>(ii) It conducts research and publishing information useful to all market participants.</p> <p>(iii) It undertakes measures to develop the capital markets by adapting a flexible approach.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘Allocative Function’ of Financial Markets?</b></p> <p>Ans. Allocative function of financial market means allocating or directing funds available for investment into their most productive investment opportunity.</p> <p style="text-align: center;"><b>or</b></p> <p>Allocative function of financial market means mobilization of savings and channelizing them into the most productive use.</p> | <p><math>\frac{1}{2} \times 2</math><br/>=<br/><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>1 mark</b></p> |
|   |   |   | SECTION B   |  |
| - | 9 | - | <p><b>Q. What is meant by ‘Capital structure’? Explain any two factors that affect the capital structure of a company.</b></p> <p>Ans. The capital structure means the <u>proportion of debt and equity</u> used for financing the operations of a business.</p> <p style="text-align: center;"><b>OR</b></p> <p>It refers to the mix between owner’s funds and borrowed</p>  | <b>1 mark</b>  |

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|  |  | <p>funds.<br/><b>(or any other correct meaning)</b></p> <p><u>Following are the factors affecting the choice of capital structure of a company: (any two)</u></p> <p>(i) Cash flow position<br/>(ii) Interest coverage ratio<br/>(iii) Debt service coverage Ratio<br/>(iv) Return on Investment<br/>(v) Cost of debt<br/>(vi) Tax rate<br/>(vii) Cost of equity<br/>(viii) Flootation costs<br/>(ix) Fixed operating costs<br/>(x) Risk consideration<br/>(xi) Flexibility<br/>(xii) Control<br/>(xiii) Regulatory framework<br/>(xiv) Stock market conditions<br/>(xv) Capital structure of other companies</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain any three factors that affect the working capital requirements of a company.</b></p> <p><u>Ans. Factors which affect the requirements of working capital are: (Any three)</u></p> <p>(i) Nature of business<br/>(ii) Scale of operations<br/>(iii) Business cycle<br/>(iv) Seasonal factors<br/>(v) Production Cycle<br/>(vi) Credit allowed<br/>(vii) Credit availed<br/>(viii) Operating efficiency<br/>(ix) Availability of raw materials.<br/>(x) Growth prospects</p> | <p style="text-align: center;">+</p> <p><b>½ mark for heading</b><br/>+</p> <p><b>½ mark for its explanation</b><br/><b>1 x 2</b><br/>=<br/><b>2 marks</b><br/>=<br/><b>1+2</b><br/>=<br/><b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>½ mark for heading</b><br/>+</p> <p><b>½ mark for its explanation</b><br/><b>1 x 3</b><br/>=<br/><b>3 marks</b></p> |
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|   |    |    | <p>(iv) Helps in achieving personal objectives.</p> <p>(v) Helps in the development of society.</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</b></p>  | <b>3 marks</b>   |
| 9 | 11 | 13 | <p><b>Q. JTM Ltd launched ‘Buddyline’, an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their product from that of their competitors. They spent lot of effort, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic product and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period of time, it became a status symbol to buy ‘Buddyline’ brand because of its quality. The consumers felt pride in using them.</b></p> <p><b>(i) Identify the marketing management philosophy followed by JTM Ltd.</b></p> <p><b>(ii) Explain the advantages of branding to the marketers highlighted in the above case.</b></p> <p><b>Ans. (i) Societal marketing philosophy.</b></p> <p><b>(ii) <u>Advantages of branding highlighted in the above case are: (Any two)</u></b></p> <p><b>(a) Helps in product differentiation.</b></p> <p><b>(b) Helps in advertising and display programmes.</b></p> | <p><b>1 mark</b></p> <p><b>½ mark for heading</b><br/>+<br/><b>½ mark for its explanation</b><br/><b>1 x 2</b></p> |

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|    |    |   | (c) Differential pricing.   | =<br>2 marks<br>=<br>1+2<br>=<br>3 marks |
| 10 | 12 | 9 | <p><b>Q. Mita has a successful ice cream business at Bikaner, namely ‘Smartflavours’. Her ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing.</b></p> <p><b>Having the first mover advantage, her business was doing well. To earn higher profits, she started cutting down costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it the competitors entered the market. She lost some of her market share to competitors.</b></p> <p><b>At the beginning of summer season, she got back to back orders for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost.</b></p> <p><b>While completing activities and finishing the given task for achieving goals, Mita realised that she was ignoring one of the important aspects of management. Identify the aspects of management that has been ignored by Mita. Also explain the same with the help of an example.</b></p> <p><b>Ans. <u>Efficiency</u></b></p> <p>Efficiency means doing the task correctly and with minimum cost.</p> <p><u>Example</u></p> | 1 mark for identifying                   |

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|  |  | <p>Say, a company's target production is 5,000 units in a year. The manager wants to achieve the production target by cutting down costs. He was able to cut down costs but could not achieve the target production. In this case, the manager was efficient but not effective.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> <p style="text-align: center;"><b>or</b></p> <p><u>Effectiveness</u></p> <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company's target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> <p style="text-align: center;"><b><u>or</u></b></p> <p><u>Efficiency and Effectiveness</u></p> <p>Efficiency means doing the task correctly and with minimum cost.</p> <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company's target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher</p> | <p><b>the aspect</b><br/>+<br/><b>1 mark for its explanation</b><br/>+<br/><b>1 mark for correct example</b><br/>=<br/><b>3 marks</b></p> |
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|    |    |    | <p>production cost. In this case, the manager was effective but not so efficient.</p> <p>In the above situation, if the manager was able to achieve the production target but at a higher cost, he would have been effective but not efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p>  |   |
| 11 | 13 | 10 | <p><b>Q. State ‘Job Enrichment’ and ‘Employee Participation’ as non-financial incentives. How do they motivate employees?</b></p> <p><b>Ans. <u>Job Enrichment</u></b></p> <ul style="list-style-type: none"> <li>▪ Job Enrichment means designing jobs that include greater variety of work content, require higher level of knowledge and skill, give workers more autonomy and responsibility and provide the opportunity for personal growth and a meaningful work experience.</li> <li>▪ If jobs are enriched and made more interesting, the job itself becomes a source of motivation to the individual.</li> </ul> <p><b><u>Employee Participation</u></b></p> <ul style="list-style-type: none"> <li>▪ Employee Participation means giving more autonomy and powers to the employees.</li> <li>▪ It makes them feel that their jobs are important and this feeling makes them contribute positively to the use of their skills and talents in the job performance.</li> </ul> | <p><b>1 ½ marks</b></p> <p>+</p> <p><b>1 ½ marks</b></p> <p>=</p> <p><b>3 marks</b></p> |
|    |    |    | SECTION C   |   |
| -  | 14 | -  | <p><b>Q. Give the meaning of ‘Informal Organisation’. State its any three advantages.</b></p> <p><b>Ans. <u>Informal organisation</u></b> is a network of personal and social relations which emerges spontaneously from within the formal organisation as people associate with one another beyond their officially defined roles. It has no written rules, is fluid in form and scope and does not</p>  | <p><b>1 mark</b></p>  |

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|  |  | <p>have fixed lines of communication.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p><u>Advantages of informal organisation:</u></p> <p>1. It leads to <u>faster spread of information</u> as well a quick feedback.</p> <p>2. It fulfills the <u>social needs</u> of the members.</p> <p>3. It contributes towards fulfillment of organisational objectives by <u>compensating for inadequacies in the formal organisation</u>.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘Delegation’? State any three points which highlight the importance of delegation in an organisation.</b></p> <p><b>Ans.</b> ‘Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance.’</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p><u>Importance of delegation of authority: (Any three)</u></p> <p>(i) It helps in <u>effective management</u> as the managers get more time to concentrate on important matters.</p> <p>(ii) It helps in <u>development of employees</u> as the employees get more opportunities to utilize their talent.</p> <p>(iii) It helps to <u>motivate employees</u> as the employees feel encouraged and try to improve their performance further.</p> <p>(iv) It <u>facilitates growth</u> by providing a ready workforce</p> | <p style="text-align: right;">+</p> <p style="text-align: right;"><b>1 x 3</b><br/>=<br/><b>3 marks</b></p> <p style="text-align: right;"><b>1+3</b><br/>=<br/><b>4 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: right;"><b>1 mark</b></p> <p style="text-align: right;">+</p> <p style="text-align: right;"><b>1 x 3</b><br/>=<br/><b>3 marks</b></p> <p style="text-align: right;"><b>1+3</b><br/>=<br/><b>4 marks</b></p> |
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|    |    |    | <p>to take up leading positions in new ventures.</p> <p>(v) It <u>establishes a management hierarchy</u> through clear superior subordinate relationships.</p> <p>(vi) It helps in <u>better co-ordination</u> by avoiding overlapping of duties.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>   |                                      |
| 18 | 15 | 19 | <p><b>Q. Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues. To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments. Various functions performed by the Stock Exchange are discussed in the above para. By quoting the lines from the above para, state any four functions of stock exchange.</b></p> <p><b>Ans. <u>Various functions performed by the Stock Exchange are:</u></b></p> <p><b>(i) Providing liquidity and marketability to existing securities as the</b> stock exchange creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</p> <p><i>It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</i></p> | <p><b>½ mark for quoting the</b></p> |

|              |  | <p>(ii) <b>Contributes to economic growth</b> as through process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</p> <p><i>Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</i></p> <p>(iii) <b>Safety of transactions</b> as the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.</p> <p><i>Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework</i></p> <p>(iv) <b>Spreading of equity cult as the stock exchange</b> ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</p> <p><i>Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</i></p> | <p><b>line</b><br/>+<br/><b>½ mark for the statement</b><br/><b>1 x 4</b><br/>=<br/><b>4 marks</b></p>   |              |                    |                         |        |  |   |         |  |  |             |                     |                        |
|--------------|--|--|--|--------------|--------------------|-------------------------|--------|--|---|---------|--|--|-------------|---------------------|------------------------|
| -            | 16   | -  | <p><b>Differentiate between ‘Advertising’ and ‘Personal selling’ on any four bases.</b></p> <p><b>Ans. <u>Difference between advertising and personal selling: (Any four)</u></b></p> <table border="1"> <thead> <tr> <th><b>Basis</b></th> <th><b>Advertising</b></th> <th><b>Personal Selling</b></th> </tr> </thead> <tbody> <tr> <td>Nature</td> <td>It is an impersonal form of communication.</td> <td>It is a personal form of communication.</td> </tr> <tr> <td>Message</td> <td>It involves transmission of standardised messages.</td> <td>In adjusts the sales talk keeping in view customer’s background and needs.</td> </tr> <tr> <td>Flexibility</td> <td>It is inflexible as</td> <td>It is highly flexible.</td> </tr> </tbody> </table> | <b>Basis</b> | <b>Advertising</b> | <b>Personal Selling</b> | Nature | It is an impersonal form of communication. | It is a personal form of communication. | Message | It involves transmission of standardised messages. | In adjusts the sales talk keeping in view customer’s background and needs. | Flexibility | It is inflexible as | It is highly flexible. |
| <b>Basis</b> | <b>Advertising</b>                                 | <b>Personal Selling</b>  |  |              |                    |                         |        |  |   |         |  |  |             |                     |                        |
| Nature       | It is an impersonal form of communication.         | It is a personal form of communication.  |  |              |                    |                         |        |  |   |         |  |  |             |                     |                        |
| Message      | It involves transmission of standardised messages. | In adjusts the sales talk keeping in view customer’s background and needs.   |  |              |                    |                         |        |  |   |         |  |  |             |                     |                        |
| Flexibility  | It is inflexible as                                | It is highly flexible.   |  |              |                    |                         |        |  |   |         |  |  |             |                     |                        |

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|  | the message can't be adjusted to the needs of the buyer.  | As the message can be adjusted.  | <b>1 x 4</b><br><b>=</b><br><b>4 marks</b> |
| Reach  | It reaches masses.  | Only a limited number of people can be contacted.  |  |
| Cost   | The cost per person is very low.  | The cost per person is quite high.   |  |
| Coverage   | It can cover the market in a short time.  | It takes a lot of time to cover the entire market.   |  |
| Media used   | It makes use of mass media such as television, radio, newspaper, and magazines.                   | It makes use of sales staff, which has limited reach.  |  |
| Feedback   | It lacks direct feedback.<br>Marketing research efforts are needed to judge customers' reactions. | It provides direct and immediate feedback.   |  |
| Role   | It is more useful in creating and building interest of the consumers in the firm's products.      | It plays important role at the awareness stage of decision making.   |  |
| Suitability  | It is more useful in marketing to the ultimate consumers who are large in number.                 | It is more helpful in selling products to the industrial buyers or to intermediaries who are relatively few in number. |  |
| <b>OR</b>  |   |  | <b>OR</b>                                  |
| <b>Explain the following functions of marketing:</b><br><b>(i) Marketing planning</b><br><b>(ii) Customer support services and</b> |   |  |  |

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|    |    | <p><b>Ans.</b></p> <p><b>(i) Marketing Planning</b></p> <p>- Marketing Planning involves <u>development of marketing plans</u> to achieve the <u>marketing objectives</u> of the organisation.</p> <p>- A complete marketing plan will include important aspects like increasing the level of production, promotion of the products, etc.</p> <p><b>(ii) Customer support services</b></p> <p>- Customer support services include services like <u>after sales services</u>, <u>handling customer complaints</u> and adjustments, <u>maintenance services</u>, technical services etc.</p> <p>- These services are very effective in bringing repeat sales from the customers and developing brand loyalty for a product.</p> | <p><b>2 marks</b></p> <p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>  |                                      |
| 14 | 17 | 15  | <p><b>Q. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical free fertilizers vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching for alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Identify and explain the two dimensions of business environment highlighted in the above para.</b></p> <p><b>Ans. <u>Dimensions of business environment highlighted above are:</u></b></p> | <p><b>1 mark for identifying</b></p> |

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|    |    |    | <p>(i) <u>Social Dimension</u></p> <p>Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.</p> <p>(ii) <u>Technological Dimension</u></p> <p>Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p>  | <p>each dimension<br/>+<br/>1 mark for its explanation<br/>=<br/>2 + 2<br/>=<br/>4 marks</p> |
| 15 | 18 | 16 | <p><b>Q. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively.</b></p> <p><b>As they are responsible for providing direction to the organisation, facts are thoroughly checked through scientific calculations. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan.</b></p> <p><b>Since it is an intellectual activity requiring intelligent imagination and sound judgement, it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.</b></p> <p><b>State two limitations and two features of planning discussed above.</b></p> <p><b>Ans. <u>Two limitations of planning discussed above are:</u></b></p> <p>(i) <u>Planning reduces creativity</u> as it is mostly done by the</p> |  |

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|    |    | <p>top management; rest of the members just carry out orders and think on the same lines as others.</p> <p>(ii) <u>Planning involves huge costs</u> in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> <p><u>Two features of planning discussed above are:</u></p> <p>(i) <u>Planning is futuristic</u> as it involves looking ahead and preparing for the future to meet future events effectively to the best advantage of the organisation.</p> <p>(ii) <u>Planning is a mental exercise</u> as it requires application of mind involving foresight, intelligent imagination and sound judgement. It is an intellectual activity of thinking rather than doing.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> | <p><b>1 x 4</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>   |
| 16 | 19 | 17  | <p><b>Q. Vinber Ltd. set up a manufacturing unit at Bhiwadi at Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production upto 10 units would be acceptable. At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found out that fluctuation in production was due to irregular supply of electricity.</b></p> <p><b>(a) The above para discusses some of the steps of one of the functions of management. Explain the steps.</b></p> <p><b>(b) Also, state the step(s) not discussed in the above para.</b></p> |

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|  |  | <p><b>Ans.</b><br/> <b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards<br/> (ii) Measuring actual performance<br/> (iii) Comparing actual performance with standards and Analysing deviations</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p><b><u>(b) Step not discussed in the above para:</u></b></p> <p><u>Taking corrective action</u> if deviations go beyond the acceptable limits.</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p style="text-align: center;"><b>or</b></p> <p><b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards<br/> (ii) Measuring actual performance<br/> (iii) Analysing deviations</p> <p><b><u>(b) Steps not discussed in the above para:</u></b></p> <p>(i) Comparing actual performance with standards to find out the deviation.<br/> (ii) Taking corrective action if deviations go beyond the acceptable limits.</p> | <p>(½ mark for naming the step + ½ mark for its explanation<br/> 1 x 3 = 3 marks)</p> <p style="text-align: center;">+</p> <p>(1 mark)<br/> = 3+1 = 4 marks</p> <p style="text-align: center;">or</p> <p>(½ mark for naming the step + ½ mark for its explanation<br/> 1 x 3 = 3 marks)</p> <p style="text-align: center;">+</p> <p>(½ x 2 = 1 mark)</p> |
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|    |    |    | (In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)   | =<br>3+1<br>=<br>4 marks       |
|    |    |    | SECTION D  |                                |
| 22 | 20 | 21 | <p><b>Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee learning. They had entered into alliances with institutes to ensure continuous learning of their employees. With the jobs becoming more and more complex, KLI Global Services invested large amount of money in making the employees learn the skills necessary to complete the jobs. State by giving any five points, how this investment is likely to benefit the organisation.</b></p> <p><b>Ans. <u>Benefits of training to the organisation:</u></b></p> <p>(i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods.</p> <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and quality leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> to take over in an emergency.</p> <p>(iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism.</p> <p>(v) It helps in <u>obtaining effective response in a fast changing environment</u></p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> | <p>1 x 5<br/>=<br/>5 marks</p> |
| -  | 21 | -  | <p><b>Q. Explain any five features of principles of management.</b></p> <p><b>Ans. <u>Features of principles of management: (Any five)</u></b></p>   |                                |

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|  |  | <p>(i) Universal applicability.<br/> (ii) General guidelines.<br/> (iii) Formed by practice and experimentation.<br/> (iv) Flexible.<br/> (v) Mainly behavioural.<br/> (vi) Cause and effect relationship.<br/> (vii) Contingent</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain the following principles of management:</b><br/> <b>(a) Harmony, not discord</b><br/> <b>(b) Development of Each and Every Person to His or Her Greatest Efficiency and prosperity</b></p> <p><b>Ans. (a) <u>Harmony Not Discord</u></b></p> <ul style="list-style-type: none"> <li>▪ The principle emphasises that there should be <u>complete harmony</u> between the management and the workers.</li> <li>▪ This requires ‘<u>Mental revolution</u>’ on the part of both management and workers. Both management and the workers should transform their thinking.</li> <li>▪ <u>Management should share gains</u> of the company if any with the workers and <u>workers should work hard</u> and be willing to embrace change for the good of the company.</li> </ul> <p><b>(b) <u>Development of Each and Every Person to His or Her Greatest Efficiency</u></b></p> <ul style="list-style-type: none"> <li>▪ This principle is concerned with efficiency of employees which could be built in right from the process of employee selection.</li> <li>▪ The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency.</li> </ul> | <p><b>½ mark for heading<br/> +<br/> ½ mark for its explanation<br/> 1 x 5<br/> =<br/> 5 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>2 ½ marks</b></p> <p style="text-align: center;"><b>+</b></p> <p><b>2 ½ marks</b></p> |
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|    |    |    | <ul style="list-style-type: none"> <li>▪ Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers.</li> </ul>   | =<br><b>5 marks</b>  |
| 21 | 22 | 20 | <p><b>Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like television, refrigerators and air conditioners, often leaving them in a permanently damaged condition. N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220V-230V. Once the demand for the North India was taken care of, they decided to launch stabilizers of varying voltages from 90 V -260V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilizers but the product differed from region to region.</b></p> <p><b>(a) Identify the organisational structure of N-Guard Company.</b></p> <p><b>(b) State any two advantages and two limitations of the structure identified in the above para.</b></p> <p><b>Ans. <u>FUNCTIONAL STRUCTURE</u></b></p> <p><b><u>Advantages of Functional structure: (Any two)</u></b></p> <p>(a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions.</p> <p>(b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(c) It increases <u>managerial and operational efficiency</u> resulting in increased profit.</p> <p>(d) It <u>lowers cost</u> as it reduces duplication of effort.</p> <p>(e) It makes <u>training of employees easier</u> as it focuses on</p> | 1 mark<br><br>+<br><br>1 x 2<br>=<br><b>2 marks</b><br><br>+ |

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|    |    |    | <p>a limited range of skills.</p> <p>(f) It ensures that different <u>functions get due attention.</u></p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p> <p><b><u>Two limitations of Functional structure are: (Any two)</u></b></p> <p>(a) Creation of functional empires where less emphasis is placed on overall objectives of the enterprise and more on the objectives pursued by a functional head.</p> <p>(b) Problems in coordination as information has to be exchanged across functionally differentiated departments.</p> <p>(c) Inter-departmental conflicts may arise when the interest of two or more departments are not compatible.</p> <p>(d) Inflexibility as people with the same skills and knowledge may develop a narrow perspective</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p> | <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p><br><p>=</p> <p><b>1+2+2</b></p> <p>=</p> <p><b>5 marks</b></p> |
|    |    |    | <b>SECTION E</b>   |   |
| 25 | 23 | 24 | <p><b>Pratap Singh is the Chief Executive Officer of Nissar Enterprises. It is an automobile parts manufacturing company. The enterprise has a functional structure, in which jobs of similar nature have been grouped together as Production, Finance, Marketing and Human Resource. Nissar Enterprises has its manufacturing unit at Manesar. The factory has been plagued with many problems for a long time which was in the knowledge of the Production Manager, Varun Sharma. The workers had internal differences. Time and again, there were misunderstandings between the management and the workers. Keeping the problems in mind, Varun Sharma appointed, Siyaram Singh who</b></p>   |   |

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|  |  | <p>had 14 years of experience of working with the actual work force and passing on instructions of the middle management to the workers.</p> <p>Siyaram Singh met Varun Sharma to understand what the management wanted. Thereafter he met the workers and conveyed the ideas of management to them. He also promised the workers to convey their problems to the management. In this way, he cleared the misunderstanding between the management and the workers.</p> <p>He also sorted out internal differences and was able to unite the workers within a month of his joining. His work was acknowledged and he was given a certificate of good performance along with 10% increase in salary.</p> <p>(i) Siyaram Singh performed some of the functions which are required to be performed at the position he is working at. State any five other functions Siyaram Singh is expected to perform.</p> <p>(ii) Name the incentives provided to Siyaram Singh.</p> <p><b>Ans.</b></p> <p>(i) Five other functions Siyaram Singh is expected to perform are:</p> <p>(a) <u>Maintaining day to day contact</u> and friendly relations with the workers. He should act as a friend, philosopher and a guide to the workers.</p> <p>(b) <u>Providing good on the job training</u> to the workers to build an efficient team.</p> <p>(c) <u>Building up high morale</u> among workers through good leadership.</p> <p>(d) <u>Giving feedback to the workers</u> after analysing their work and suggesting ways of developing their work skills</p> <p>(e) <u>Ensuring performance of work</u> according to the targets set.</p> <p>(f) To <u>oversee the efforts</u> of the workforce. [1] [SEP]</p> <p>(g) To <u>ensure that the quality of output is maintained</u> and</p> | <p>1 x 5<br/>=<br/>5 marks</p> <p>+</p> |
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|---|----|--|--|
|   |    | <p>wastage of <sup>[L]</sup><sub>[SEP]</sub> material is minimized.</p> <p>(h) To <u>ensure safety standards are maintained</u> .</p> <p><b><u>(ii) Incentives provided to Sivaram Singh are:</u></b></p> <p>(a) Pay and allowances/ Financial Incentive</p> <p>(b) Employee Recognition Programmes/ Non Financial Incentive</p>   | <p><math>\frac{1}{2} \times 2</math></p> <p>=</p> <p><b>1 mark</b></p> <p>=</p> <p><b>5+1</b></p> <p>=</p> <p><b>6 marks</b></p> |
| - | 24 | <p><b>Q. “Sound Financial Planning is essential for the success of any enterprise.” Explain this statement by giving any six reasons.</b></p> <p><b>Ans. <u>Financial planning is important because (any six):</u></b></p> <p>(a) It helps in avoiding business shocks and surprises and helps the company to prepare for the future.</p> <p>(b) It helps in coordinating various business functions by providing clear policies and procedures</p> <p>(c) Detailed plans of action prepared under financial planning helps in reducing waste, duplication of efforts and gaps in planning.</p> <p>(d) It tries to link the present with the future.</p> <p>(e) It provides a link between investment and financing decisions on a continuous basis</p> <p>(f) It makes the evaluation of actual performance easier by spelling out detailed objectives for various business segments.</p> <p><b>(If an examinee has given only the headings, <math>\frac{1}{2}</math> mark for each heading should be awarded)</b></p> <p style="text-align: center;"><b>OR</b></p> | <p><b>1 x 6</b></p> <p>=</p> <p><b>6 marks</b></p> <p style="text-align: center;"><b>OR</b></p>                                  |

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|    |    |    | <p><b>Q. Explain the three major decisions every manager has to take while performing the finance function.</b></p> <p><b>Ans.</b> The three major decisions every manager has to take while performing the finance function are:</p> <p>(a) Investment decision</p> <p>(b) Financing decision</p> <p>(c) Dividend decision</p>  | <p><b>½ mark for identifying the decision</b><br/>+<br/><b>1 ½ marks for its explanation</b><br/>=<br/><b>2 x 3</b><br/>=<br/><b>6 marks</b></p> |
| 24 | 25 | 23 | <p><b>‘VOICE’ is an an important consumer organisation. It organised workshops in the months of December in Delhi/ NCR for consumers. The theme was ‘Organic Food –From Farm to Plate’ to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food that contains chemicals and pesticides to organic food. Expert speakers from farmers’ community explained the harmful effects of usage of pesticides in farming and the importance of organic food. People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine’ Consumer Voice’ to make people aware of quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy.</b></p> <p><b>State the functions performed by the Consumer Voice for the protection and promotion of consumer interest by quoting lines from the above para.</b></p> <p><b>Ans.</b> Functions performed by the Consumer Voice for the protection and promotion of consumer interest:</p> <p>(a) <u>Educating the general public about consumer rights</u></p> |  |

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|  |  | <p><u>by organising training programmes, seminars and workshops.</u></p> <p><i>‘organised consumer workshops in the months of December in Delhi/ NCR on the theme, of ‘Organic Food –From Farm to Plate’, as a part of its initiative to spread awareness on the importance of organic farming’</i></p> <p><u>(b) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.</u></p> <p><i>‘The results of the tests are published in their monthly magazine’ Consumer Voice’ to make people aware of quality of different products’</i></p> <p><u>(c) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.</u></p> <p><i>‘People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides’</i></p> <p><u>(d) Providing legal assistance to consumers by the way of providing aid, legal advice etc. in seeking legal remedy.</u></p> <p><i>‘It also provides aid and legal advice to the consumers in seeking a remedy’</i></p> | <p><b>1 mark for stating</b><br/>+<br/><b>½ mark for quoting</b><br/><b>1 ½ x 4</b><br/><b>=</b><br/><b>6 marks</b></p> |
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66/1/3

| 66<br>/1<br>/1 | 66<br>/1<br>/2 | 66<br>/1<br>/3 | <b>MARKING SCHEME – 2018-19<br/>BUSINESS STUDIES<br/>66/1/3<br/>EXPECTED ANSWERS / VALUE POINTS</b>   | <b>Marks</b>  |
|----------------|----------------|----------------|---|---|
| A1             | A2             | A3             | <b>SECTION A</b>  |   |
| 5              | 7              | 1              | <b>Q. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organisation in the long run.</b><br><br><b>Ans. Strategy</b>           | <b>1 mark</b>   |
| 6              | 8              | 2              | <b>Q. State any two ‘Developmental Functions’ of Securities and Exchange Board of India.</b><br><br><b>Ans. <u>Developmental functions of SEBI: (Any two)</u></b><br><br>(i) It trains intermediaries of the securities market.<br><br>(ii) It conducts research and publishing information useful to all market participants.<br><br>(iii) It undertakes measures to develop the capital markets by adapting a flexible approach.<br><br><b>OR</b> | $\frac{1}{2} \times 2$<br>=<br><b>1 mark</b><br><br><b>OR</b> |

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|   |   |   | <p><b>Q. What is meant by ‘Allocative Function’ of Financial Markets?</b></p> <p><b>Ans.</b> Allocative function of financial market means allocating or directing funds available for investment into their most productive investment opportunity.</p> <p style="text-align: center;"><b>or</b></p> <p>Allocative function of financial market means mobilization of savings and channelizing them into the most productive use.</p>  | <b>1 mark</b>                                      |
| 7 | 1 | 3 | <p><b>Q. Beena has been using ‘Klean’, a famous detergent available in the market. On watching numerous advertisements in the television, she decided to try a new brand of detergent. When she went to the near-by store to purchase the same, she saw detergents of other producers making similar claims of whiteness and stain removing abilities. Hence she could not make up her mind as which detergent to purchase. Name the objection of advertising being discussed in this case.</b></p> <p><b>Ans.</b> Advertising confuses the buyers</p>    | <b>1 mark</b>                                      |
| 8 | 2 | 4 | <p><b>Q. Give the meaning of ‘Physical Distribution’ as an element of Marketing Mix.</b></p> <p><b>Ans.</b> <u>Place or Physical Distribution</u> means set of activities that make firm’s products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘ Marketing Management’?</b></p> | <b>1 mark</b><br><br><br><br><br><br><br><b>OR</b> |

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|   |   |   | <p><b>Ans.</b> Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer values of management.</p> <p style="text-align: center;">or</p> <p>Marketing management refers to planning, organising, directing and control of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.</p>   | <b>1 mark</b>  |
| 1 | 3 | 5 | <p><b>Q. Define ‘Workforce Analysis’.</b></p> <p><b>Ans.</b> Workforce Analysis is an assessment of the number and type of human resources available for the performance of various jobs and accomplishment of organisational objectives.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Define ‘Selection’.</b></p> <p><b>Ans.</b> Selection is defined as the process of choosing from among the pool of prospective job candidates developed at the stage of recruitment.</p> <p style="text-align: center;">or</p> <p><b>Ans.</b> Selection is defined as the process of identifying and choosing the best person(s) out of a number of prospective candidates for the job.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p> | <p><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>1 mark</b></p> |
| 2 | 4 | 6 | <p><b>Q. Appliances India Ltd is engaged in manufacturing and distribution of home appliances since 1987.</b></p> <p><b>It has a good name in the market as the company is producing good quality appliances. It has separate</b></p>  |  |

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|           |   |   | <p>departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialisation.</p> <p>Since the areas of operation of the company have increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the changing requirements of the environment.</p> <p>State the general principle of management which the company wants to modify to meet the changing requirements.</p> <p><b>Ans.</b> The general principle of management which the company wants to modify is the Principle of <u>Division of work</u> which states that the work should be divided into small tasks/ jobs each performed by a specialist.</p> | <p>½ mark for identifying the principle<br/>+<br/>½ mark for stating the principle<br/>=<br/><b>1 mark</b></p> |
| 3         | 5 | 7 | <p><b>Q. How does Financial Market facilitate ‘Price Discovery’ of financial assets?</b></p> <p><b>Ans.</b> Financial Market facilitates price discovery for financial assets by interaction of forces of demand and supply.</p>   | <p><b>1 mark</b></p>   |
| 4         | 6 | 8 | <p><b>Q. Biru Nandan, Chairman of Lalit group of companies founded ‘Biru University’ for undergraduate and postgraduate courses in diverse disciplines. The Information Technology department of the Lalit Power Ltd., had few vacancies related to Cyber security. The Human Resource Department of the Company decided to recruit fresh engineering graduates from ‘Biru University’ for the same. Identify the type of source of recruitment.</b></p> <p><b>Ans.</b> External source of recruitment/ Campus Recruitment</p>   | <p><b>1 mark</b></p>   |
| SECTION B |   |   |  |  |

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| 10 | 12 | 9 | <p><b>Q. Mita has a successful ice cream business at Bikaner, namely ‘Smartflavours’. Her ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing.</b></p> <p><b>Having the first mover advantage, her business was doing well. To earn higher profits, she started cutting down costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it the competitors entered the market. She lost some of her market share to competitors.</b></p> <p><b>At the beginning of summer season, she got back to back orders for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost.</b></p> <p><b>While completing activities and finishing the given task for achieving goals, Mita realised that she was ignoring one of the important aspects of management.</b></p> <p><b>Identify the aspects of management that has been ignored by Mita. Also explain the same with the help of an example.</b></p> <p><b>Ans. <u>Efficiency</u></b></p> <p><b>Efficiency means doing the task correctly and with minimum cost.</b></p> <p><b><u>Example</u></b></p> <p><b>Say, a company’s target production is 5,000 units in a year. The manager wants to achieve the production target by cutting down costs. He was able to cut down costs but could not achieve the target production. In</b></p> | <p><b>1 mark for identifying the aspect</b><br/>+<br/><b>1 mark for its explanation</b><br/>+</p> |
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|  |  | <p>this case, the manager was efficient but not effective.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> <p style="text-align: center;"><b>or</b></p> <p><u>Effectiveness</u></p> <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company's target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p> <p style="text-align: center;"><b><u>or</u></b></p> <p><u>Efficiency and Effectiveness</u></p> <p>Efficiency means doing the task correctly and with minimum cost.</p> <p>Effectiveness means doing the right task, completing activities and achieving goals.</p> <p><u>Example</u><br/>Say, a company's target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.</p> <p>In the above situation, if the manager was able to</p> | <p><b>1 mark for correct example</b><br/>=<br/><b>3 marks</b></p> |
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|    |    |    | <p>achieve the production target but at a higher cost, he would have been effective but not efficient.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p>   |   |
| 11 | 13 | 10 | <p><b>Q. State ‘Job Enrichment’ and ‘Employee Participation’ as non-financial incentives. How do they motivate employees?</b></p> <p><b>Ans. <u>Job Enrichment</u></b></p> <ul style="list-style-type: none"> <li>▪ Job Enrichment means designing jobs that include greater variety of work content, require higher level of knowledge and skill, give workers more autonomy and responsibility and provide the opportunity for personal growth and a meaningful work experience.</li> <li>▪ If jobs are enriched and made more interesting, the job itself becomes a source of motivation to the individual.</li> </ul> <p><b><u>Employee Participation</u></b></p> <ul style="list-style-type: none"> <li>▪ Employee Participation means giving more autonomy and powers to the employees.</li> <li>▪ It makes them feel that their jobs are important and this feeling makes them contribute positively to the use of their skills and talents in the job performance.</li> </ul> | <p><b>1 ½ marks</b></p> <p>+</p> <p><b>1 ½ marks</b></p> <p>=</p> <p><b>3 marks</b></p> |
| -  | -  | 11 | <p><b>Q. Give the meaning of Financial Management. State its main objective.</b></p> <p><b>Ans.</b> 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;"><b>or</b></p> <p>Financial Management may be defined as <u>planning, organising, directing and controlling the financial activities</u> of an organisation.</p>   | <p><b>1 mark</b></p>  |

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|   |   |    | <p><b><u>Objective of Financial Management:</u></b></p> <p>The objective of financial management is to <b><u>maximize shareholders wealth</u></b> i.e. <u>to maximize the market price of equity shares</u> of the company.</p> <p>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 style="text-align: center;"><b>OR</b></p> <p><b>Q. State any three points of importance of financial planning.</b></p> <p><b><u>Ans. Importance of Financial planning: (any three):</u></b></p> <p>(a) It helps in avoiding business shocks and surprises and helps the company to prepare for the future.</p> <p>(b) It helps in coordinating various business functions by providing clear policies and procedures</p> <p>(c) Detailed plans of action prepared under financial planning helps in reducing waste, duplication of efforts and gaps in planning.</p> <p>(d) It tries to link the present with the future.</p> <p>(e) It provides a link between investment and financing decisions on a continuous basis</p> <p>(f) It makes the evaluation of actual performance easier by spelling out detailed objectives for various business segments.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> | <p><b>2 marks</b></p> <p>=</p> <p><b>3 marks</b></p> <p><b>OR</b></p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> |
| - | - | 12 | <p><b>Q. 'Coordination is the essence of management.'</b><br/><b>Explain.</b></p> <p><b>Ans.</b> Co-ordination is not a separate function of</p>   |  |

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|  |  | <p>management. It is the force that binds all other functions and thus called the essence of management.</p> <ul style="list-style-type: none"> <li>• The process of coordinating the activities begins at the <b><u>planning stage</u></b> in which the top management plans for the entire organization.</li> <li>• At the <b><u>organizing stage</u></b>, the organizational structure is developed as per plans.</li> <li>• The <b><u>staffing function</u></b> is performed thereafter as per the structure developed in the organization structure.</li> <li>• <b><u>Directing</u></b> is then required to ensure that these plans are executed accordingly.</li> <li>• <b><u>Controlling function</u></b> ensures that the discrepancies between actual and planned activities are taken care of.</li> </ul> <p>Coordination, therefore, synchronises the efforts through all functions of management and ensures that the organizational objectives are achieved with a minimum of conflict.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. “Art is concerned with personal application of knowledge.” In the light of this statement compare all the features of management with art and prove that it is an art.</b></p> <p><b>Ans.</b> “Art is concerned with personal application of knowledge”. Management is an art because of the following reasons:</p> <ol style="list-style-type: none"> <li>1. <u>Existence of theoretical knowledge.</u><br/>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.</li> <li>2. <u>Personalised application.</u><br/>Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner.</li> <li>3. <u>Based on continuous practice and creativity</u><br/>Management satisfies this criteria as a manager gains experience through regular practice and becomes more</li> </ol> | <p style="text-align: center;"><b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>1 x 3<br/>=<br/>3 marks</b></p> |
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|   |    | <p>effective. 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> <p>As all the criteria of art are satisfied by management, it qualifies as an art.</p>   |   |
| 9 | 11 | <p><b>13 Q. JTM Ltd launched ‘Buddyline’, an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their product from that of their competitors. They spent lot of effort, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic product and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period of time, it became a status symbol to buy ‘Buddyline’ brand because of its quality. The consumers felt pride in using them.</b></p> <p><b>(i) Identify the marketing management philosophy followed by JTM Ltd.</b></p> <p><b>(ii) Explain the advantages of branding to the marketers highlighted in the above case.</b></p> <p><b>Ans. (i) Societal marketing philosophy.</b></p> <p><b>(ii) <u>Advantages of branding highlighted in the above case are: (Any two)</u></b></p> <p><b>(a) Helps in product differentiation.</b></p> <p><b>(b) Helps in advertising and display programmes.</b></p> | <p><b>1 mark</b></p> <p><b>½ mark for heading</b><br/>+<br/><b>½ mark for its explanation</b><br/><b>1 x 2</b><br/><b>=</b></p> |

|                   |   |   | (c) Differential pricing.  | <b>2 marks</b><br>=<br><b>1+2</b><br>=<br><b>3 marks</b> |                 |                    |                   |   |   |         |                 |                 |  |
|-------------------|---|---|--|--|-----------------|--------------------|-------------------|---|---|---------|-----------------|-----------------|--|
|                   |   |   | SECTION C  |  |                 |                    |                   |   |   |         |                 |                 |  |
| -                 | -   | <b>14</b>   | <p><b>Q. Price of a product is influenced by many factors. Explain any four such factors.</b></p> <p><b>Ans. <u>Factors affecting Price:</u> (Any four)</b></p> <p>(i) Product Cost</p> <p>(ii) Utility and Demand</p> <p>(iii) Extent of competition</p> <p>(iv) Marketing methods used</p> <p>(v) Pricing objectives</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Distinguish between ‘Product’ and ‘Production’ concepts of marketing philosophies on the following bases:</b></p> <p><b>(i) Starting Point;</b><br/> <b>(ii) Main Focus;</b><br/> <b>(iii) Means;</b><br/> <b>(iv) Ends.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Basis</th> <th style="width: 30%;">Product concept</th> <th style="width: 30%;">Production concept</th> </tr> </thead> <tbody> <tr> <td>1. Starting point</td> <td>The marketing efforts start after the product is produced in the <b>Factory</b></td> <td>The marketing efforts start after the product is produced in the <b>Factory</b></td> </tr> <tr> <td>2. Main</td> <td>Its focus is on</td> <td>Its focus is on</td> </tr> </tbody> </table> | Basis  | Product concept | Production concept | 1. Starting point | The marketing efforts start after the product is produced in the <b>Factory</b> | The marketing efforts start after the product is produced in the <b>Factory</b> | 2. Main | Its focus is on | Its focus is on | <p><b>½ mark for heading</b><br/>         +<br/> <b>½ mark for its explanation</b><br/> <b>1 x 4</b><br/>         =<br/> <b>4 marks</b></p> <p style="text-align: center;"><b>OR</b></p> |
| Basis             | Product concept   | Production concept  |  |  |                 |                    |                   |   |   |         |                 |                 |  |
| 1. Starting point | The marketing efforts start after the product is produced in the <b>Factory</b> | The marketing efforts start after the product is produced in the <b>Factory</b> |  |  |                 |                    |                   |   |   |         |                 |                 |  |
| 2. Main           | Its focus is on   | Its focus is on   |  |  |                 |                    |                   |   |   |         |                 |                 |  |

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|    |    |    | focus  | <b>Quality, performance, features of product</b>                       | <b>Quantity of product</b>   | <b>1 x 4</b><br><b>=</b><br><b>4 marks</b>  |
|    |    |    | 3.Means  | It uses <b>Product improvement</b> as a means to achieve the objective | It uses <b>Availability and affordability of product</b> as a means to achieve the objective |   |
|    |    |    | 4.Ends   | Its objective is to earn <b>Profit through Product quality</b>         | Its objective is to earn <b>Profit through production volume</b>                             |   |
| 14 | 17 | 15 | <p><b>Q. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical free fertilizers vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching for alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Identify and explain the two dimensions of business environment highlighted in the above para.</b></p> <p><b>Ans. <u>Dimensions of business environment highlighted above are:</u></b></p> <p><b>(i) <u>Social Dimension</u></b></p> <p>Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.</p> |  |  | <b>1 mark for identifying each dimension</b><br><b>+</b><br><b>1 mark for its explanation</b><br><b>=</b><br><b>2 + 2</b><br><b>=</b><br><b>4 marks</b> |

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|    |    |    | <p>(ii) <u>Technological Dimension</u></p> <p>Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p>  |                                     |
| 15 | 18 | 16 | <p><b>Q. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively. As they are responsible for providing direction to the organisation, facts are thoroughly checked through scientific calculations. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement, it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them. State two limitations and two features of planning discussed above.</b></p> <p><b>Ans. <u>Two limitations of planning discussed above are:</u></b></p> <p>(i) <u>Planning reduces creativity</u> as it is mostly done by the top management; rest of the members just carry out orders and think on the same lines as others.</p> <p>(ii) <u>Planning involves huge costs</u> in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.</p> | <p><b>1 x 4</b></p> <p><b>=</b></p> |

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|    |    |    | <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> <p><u>Two features of planning discussed above are:</u></p> <p>(i) <u>Planning is futuristic</u> as it involves looking ahead and preparing for the future to meet future events effectively to the best advantage of the organisation.</p> <p>(ii) <u>Planning is a mental exercise</u> as it requires application of mind involving foresight, intelligent imagination and sound judgement. It is an intellectual activity of thinking rather than doing.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>  | <b>4 marks</b>   |
| 16 | 19 | 17 | <p><b>Q. Vinber Ltd. set up a manufacturing unit at Bhiwadi at Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production upto 10 units would be acceptable.</b></p> <p><b>At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found out that fluctuation in production was due to irregular supply of electricity.</b></p> <p><b>(a) The above para discusses some of the steps of one of the functions of management. Explain the steps.</b></p> <p><b>(b) Also, state the step(s) not discussed in the above para.</b></p> <p><b>Ans.</b></p> <p><b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards</p> <p>(ii) Measuring actual performance</p> | <p><b>(½ mark for naming the step + ½ mark for its</b></p> |

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|   |   | <p>(iii) Comparing actual performance with standards and Analysing deviations</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p><b>(b) <u>Step not discussed in the above para:</u></b></p> <p><u>Taking corrective action</u> if deviations go beyond the acceptable limits.</p> <p><i>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</i></p> <p style="text-align: center;"><b>or</b></p> <p><b><u>(a) Steps in the process of controlling discussed in the above case:</u></b></p> <p>(i) Setting performance standards</p> <p>(ii) Measuring actual performance</p> <p>(iii) Analysing deviations</p> <p><b>(b) <u>Steps not discussed in the above para:</u></b></p> <p>(i) Comparing actual performance with standards to find out the deviation.</p> <p>(ii) Taking corrective action if deviations go beyond the acceptable limits.</p> <p><b>(In case the examinee has not written the steps in the right sequence, ½ mark may be deducted)</b></p> | <p><b>explanation</b><br/>1 x 3<br/>=<br/><b>3 marks)</b></p> <p>+</p> <p><b>(1 mark)</b><br/>=<br/>3+1<br/>=<br/><b>4 marks</b></p> <p><b>or</b></p> <p><b>(½ mark for naming the step</b><br/>+<br/><b>½ mark for its explanation</b><br/>1 x 3<br/>=<br/><b>3 marks)</b></p> <p>+</p> <p><b>(½ x 2</b><br/>=<br/><b>1 mark)</b></p> <p>=<br/>3+1<br/>=<br/><b>4 marks</b></p> |
| - | - | <b>18</b>  | <p><b>Q. What is meant by ‘Decentralisation’? State any three points that highlight the importance of decentralisation in an organisation.</b></p>   |



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|    |    |    | <p><b>OR</b></p> <p><b>Q. Give the meaning of ‘Formal Organisation’.<br/>State its any three advantages.</b></p> <p><b>Ans.</b> <u>Formal organisation</u> refers to the organisation structure which is deliberately created by the management to accomplish a particular task. It specifies clearly the boundaries of authority and responsibility and there is systematic co-ordination among the various activities to achieve organisational goals.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p><u>Advantages of Formal organisation: (any three)</u></p> <p>(a) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined.</p> <p>(b) It <u>avoids duplication of effort</u> since there is no ambiguity in the role that each member has to play.</p> <p>(c) It <u>maintains unity of command</u> through an established chain of command</p> <p>(d) It leads to <u>accomplishment of goals</u> by providing a framework for the operations to be performed.</p> <p>(e) It <u>provides stability</u> to the organisation because there are specific rules to guide behaviour of employees.</p> <p><b>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</b></p> | <p><b>OR</b></p> <p><b>1 mark</b></p> <p>+</p> <p><b>1 x 3</b><br/>=<br/><b>3 marks</b></p> <p>=<br/><b>1+3</b><br/>=<br/><b>4 marks</b></p> |
| 18 | 15 | 19 | <p><b>Q. Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelised into their</b></p>   |  |

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|  |  | <p><b>most productive investment avenues.</b><br/> <b>To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</b></p> <p><b>Various functions performed by the Stock Exchange are discussed in the above para.</b><br/> <b>By quoting the lines from the above para, state any four functions of stock exchange.</b></p> <p><u>Ans. Various functions performed by the Stock Exchange are:</u></p> <p><b>(i) Providing liquidity and marketability to existing securities as the</b> stock exchange creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</p> <p><i>It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.</i></p> <p><b>(ii) Contributes to economic growth</b> as through process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</p> <p><i>Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.</i></p> <p><b>(iii) Safety of transactions as</b> the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.</p> | <p><b>½ mark for quoting the line</b><br/> <b>+</b><br/> <b>½ mark for the statement</b><br/> <b>1 x 4</b><br/> <b>=</b><br/> <b>4 marks</b></p> |
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|    |    |    | <p><i>Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework</i></p> <p><b>(iv) Spreading of equity cult as the stock exchange</b> ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</p> <p><i>Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</i></p>   |  |
|    |    |    | <b>SECTION D</b>   |  |
| 21 | 22 | 20 | <p><b>Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like television, refrigerators and air conditioners, often leaving them in a permanently damaged condition.</b></p> <p><b>N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220V-230V. Once the demand for the North India was taken care of, they decided to launch stabilizers of varying voltages from 90 V -260V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilizers but the product differed from region to region.</b></p> <p><b>(a) Identify the organisational structure of N-Guard Company.</b></p> <p><b>(b) State any two advantages and two limitations of the structure identified in the above para.</b></p> <p><b>Ans. <u>FUNCTIONAL STRUCTURE</u></b></p> <p><b><u>Advantages of Functional structure:</u> (Any two)</b></p> <p><b>(a) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions.</b></p> | <p><b>1 mark</b></p> <p><b>+</b></p> <p><b>1 x 2</b><br/><b>=</b><br/><b>2 marks</b></p> |

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|    |    | <p>(b) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(c) It increases <u>managerial and operational efficiency</u> resulting in increased profit.</p> <p>(d) It <u>lowers cost</u> as it reduces duplication of effort.</p> <p>(e) It makes <u>training of employees easier</u> as it focuses on a limited range of skills.</p> <p>(f) It ensures that different <u>functions get due attention</u>.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p> <p><b><u>Two limitations of Functional structure are: (Any two)</u></b></p> <p>(a) Creation of functional empires where less emphasis is placed on overall objectives of the enterprise and more on the objectives pursued by a functional head.</p> <p>(b) Problems in coordination as information has to be exchanged across functionally differentiated departments.</p> <p>(c) Inter-departmental conflicts may arise when the interest of two or more departments are not compatible.</p> <p>(d) Inflexibility as people with the same skills and knowledge may develop a narrow perspective</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p> | <p>+</p> <p><b>1 x 2</b><br/>=<br/><b>2 marks</b></p> <p>=<br/><b>1+2+2</b><br/>=<br/><b>5 marks</b></p>   |
| 22 | 20 | 21  | <p><b>Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee</b></p> |

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|   |   | <p><b>learning. They had entered into alliances with institutes to ensure continuous learning of their employees. With the jobs becoming more and more complex, KLI Global Services invested large amount of money in making the employees learn the skills necessary to complete the jobs. State by giving any five points, how this investment is likely to benefit the organisation.</b></p> <p><b>Ans. <u>Benefits of training to the organisation:</u></b></p> <p>(i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods.</p> <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and quality leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> to take over in an emergency.</p> <p>(iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism.</p> <p>(v) It helps in <u>obtaining effective response in a fast changing environment</u></p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p> | <p><b>1 x 5</b><br/>=<br/><b>5 marks</b></p> |
| - | - | <p><b>22 Q. Explain the following techniques of scientific management:</b><br/><b>(a) Motion Study and</b><br/><b>(b) Time Study</b></p> <p><b>Ans. (a) <u>Motion Study</u></b></p> <ul style="list-style-type: none"> <li>▪ It is a technique to study the movements which are undertaken while doing a well defined job.</li> <li>▪ The movement could be productive, incidental and unproductive.</li> <li>▪ It seeks to eliminate unnecessary and wasteful</li> </ul>   | <p><b>2 ½ marks</b></p>                      |

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|  |  | <p>movements so that it takes less time to complete a job efficiently.</p> <p>(b) <u>Time Study</u></p> <ul style="list-style-type: none"> <li>▪ Time study is a technique used to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well defined job.</li> <li>▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.</li> <li>▪ The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain how principles of management:</b><br/> <b>(i) help the managers in taking scientific decisions, and</b><br/> <b>(ii) in providing the managers with useful insights into real world situations.</b></p> <p><b>Ans. (i) <u>Principles of management help the managers in taking scientific decisions:</u></b></p> <ul style="list-style-type: none"> <li>- Principles of management help in taking scientific decisions because the decisions based on principles are free from bias.</li> <li>- They are based on the objective assessment of the situation.</li> </ul> <p><b>(ii) <u>Principles of management provide the managers with useful insights into real world situations</u></b></p> <ul style="list-style-type: none"> <li>- Principles of management provide useful insights into reality by enabling the managers to learn from past mistakes and conserve time by solving recurring problems quickly.</li> </ul> | <p style="text-align: center;">+</p> <p style="text-align: center;"><b>2 ½ marks</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>5 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;">+</p> <p style="text-align: center;"><b>2 ½ marks</b></p> |
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|           |    |    | - Adherence to these principles adds to their knowledge, ability and understanding of managerial situations and circumstances.  | =<br>5 marks   |
| SECTION E |    |    |   |  |
| 24        | 25 | 23 | <p><b>‘VOICE’ is an an important consumer organisation. It organised workshops in the months of December in Delhi/ NCR for consumers. The theme was ‘Organic Food –From Farm to Plate’ to spread awareness on the importance of organic farming and to encourage consumers to switch from conventional food that contains chemicals and pesticides to organic food. Expert speakers from farmers’ community explained the harmful effects of usage of pesticides in farming and the importance of organic food. People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine’ Consumer Voice’ to make people aware of quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy.</b></p> <p><b>State the functions performed by the Consumer Voice for the protection and promotion of consumer interest by quoting lines from the above para.</b></p> <p><b>Ans.</b> Functions performed by the Consumer Voice for the protection and promotion of consumer interest:</p> <p><b>(a) <u>Educating the general public about consumer rights by organising training programmes, seminars and workshops.</u></b></p> <p><i>‘organised consumer workshops in the months of December in Delhi/ NCR on the theme, of ‘Organic Food –From Farm to Plate’, as a part of its initiative to spread awareness on the importance of organic farming’</i></p> | <p><b>1 mark for stating</b><br/>+<br/><b>½ mark for quoting</b></p> |

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|    |    |    | <p>(b) <u>Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.</u></p> <p><i>'The results of the tests are published in their monthly magazine' Consumer Voice' to make people aware of quality of different products'</i></p> <p>(c) <u>Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.</u></p> <p><i>'People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides'</i></p> <p>(d) <u>Providing legal assistance to consumers by the way of providing aid, legal advice etc. in seeking legal remedy.</u></p> <p><i>'It also provides aid and legal advice to the consumers in seeking a remedy'</i></p> | <p>1 ½ x 4<br/>=<br/>6 marks</p> |
| 25 | 23 | 24 | <p><b>Pratap Singh is the Chief Executive Officer of Nissar Enterprises. It is an automobile parts manufacturing company. The enterprise has a functional structure, in which jobs of similar nature have been grouped together as Production, Finance, Marketing and Human Resource. Nissar Enterprises has its manufacturing unit at Manesar. The factory has been plagued with many problems for a long time which was in the knowledge of the Production Manager, Varun Sharma. The workers had internal differences. Time and again, there were misunderstandings between the management and the workers. Keeping the problems in mind, Varun Sharma appointed, Siyaram Singh who had 14 years of experience of working with the actual work force and passing on instructions of the middle management to the workers.</b></p> <p><b>Siyaram Singh met Varun Sharma to understand</b></p>   |                                  |

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|  |  | <p><b>what the management wanted. Thereafter he met the workers and conveyed the ideas of management to them. He also promised the workers to convey their problems to the management. In this way, he cleared the misunderstanding between the management and the workers.</b></p> <p><b>He also sorted out internal differences and was able to unite the workers within a month of his joining. His work was acknowledged and he was given a certificate of good performance along with 10% increase in salary.</b></p> <p><b>(i) Siyaram Singh performed some of the functions which are required to be performed at the position he is working at. State any five other functions Siyaram Singh is expected to perform.</b></p> <p><b>(ii) Name the incentives provided to Siyaram Singh.</b></p> <p><b>Ans.</b></p> <p>(i) Five other functions Siyaram Singh is expected to perform are:</p> <p>(a) <u>Maintaining day to day contact</u> and friendly relations with the workers. He should act as a friend, philosopher and a guide to the workers.</p> <p>(b) <u>Providing good on the job training</u> to the workers to build an efficient team.</p> <p>(c) <u>Building up high morale</u> among workers through good leadership.</p> <p>(d) <u>Giving feedback to the workers</u> after analysing their work and suggesting ways of developing their work skills</p> <p>(e) <u>Ensuring performance of work</u> according to the targets set.</p> <p>(f) To <u>oversee the efforts</u> of the workforce. [L]<br/>[SEP]</p> <p>(g) To <u>ensure that the quality of output is maintained</u> and wastage of [L]<br/>[SEP] material is minimized.</p> | <p><b>1 x 5</b><br/><b>=</b><br/><b>5 marks</b></p> <p><b>+</b></p> |
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|   |   |    | <p>(h) To <u>ensure safety standards are maintained</u> .</p> <p><b><u>(ii) Incentives provided to Siyaram Singh are:</u></b></p> <p>(a) Pay and allowances/ Financial Incentive</p> <p>(b) Employee Recognition Programmes/ Non Financial Incentive</p>   | <p><math>\frac{1}{2} \times 2</math><br/>=<br/><b>1 mark</b></p> <p>=<br/><b>5+1</b><br/>=<br/><b>6 marks</b></p>   |
| - | - | 25 | <p><b>Q. “Determining the overall cost of capital and the financial risk of the enterprise depends upon various factors”. Explain any six such factors.</b></p> <p><b>Ans.</b> <u>Overall cost of capital and the financial risk of the enterprise depends upon the following factors (Any six):</u></p> <p>(i) Cost<br/>(ii) Cost of debt<br/>(iii) Cost of equity.<br/>(iv) Risk<br/>(v) Floatation costs.<br/>(vi) Cash flow position<br/>(vii) Level of fixed operating costs.<br/>(viii) Control<br/>(ix) State of the capital market.<br/>(x) Interest coverage ratio<br/>(xi) Debt service coverage ratio.<br/>(xii) Return on Investment<br/>(xiii) Tax rate<br/>(xiv) Flexibility<br/>(xv) Regulatory framework.<br/><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. You are a Finance Manager of a newly established manufacturing company. Explain any</b></p> | <p><math>\frac{1}{2}</math> mark for heading<br/>+<br/><math>\frac{1}{2}</math> mark for its explanation<br/><b>1 x 6</b><br/>=<br/><b>6 marks</b></p> <p style="text-align: center;"><b>OR</b></p> |

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|  |  | <p><b>six factors that you will consider while determining the fixed capital requirement for the company.</b></p> <p><b>Ans.</b> <u>Factors that determine the fixed capital requirement of the company are (any six):</u></p> <ol style="list-style-type: none"> <li>1. Nature of business.</li> <li>2. Scale of operations.</li> <li>3. Choice of technique.</li> <li>4. Technology upgradation.</li> <li>5. Growth prospects.</li> <li>6. Diversification</li> <li>7. Financing alternatives.</li> <li>8. Level of collaboration.</li> </ol> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> | <p><b>½ mark for heading<br/>+<br/>½ mark for its explanation<br/>1 x 6<br/>=<br/>6 marks</b></p> |
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