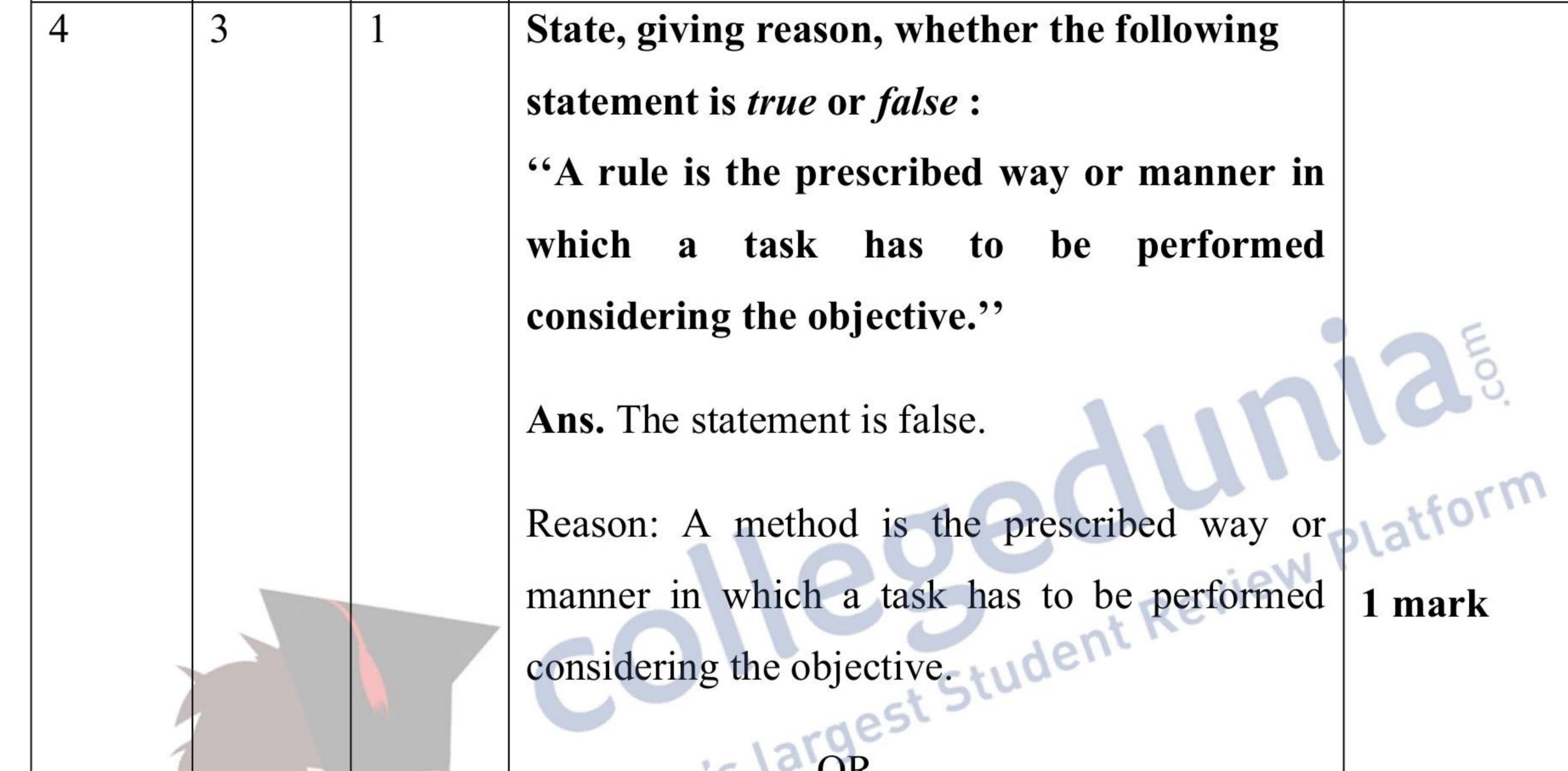
CBSE Class 12 Business Studies Compartment Answer Key 2020 (September 24, Set 3 - 66/C/3)

66/C/1	66/C/2	66/C/3	MARKING SCHEME COMPTT-	
			SEPTEMBER 2020	DISTRIBUT
			BUSINESS STUDIES	ION
			66/C/3	OF
			EXPECTED ANSWERS / VALUE POINTS	MARKS
	2		SECTION A	
2				



			A rule is a specific statement that specifies clearly what is to be done or not to be done.	
5	6	2	Which of the following is <i>not</i> a step in the	
			process of planning ?	
			(A) Making assumptions about the future.	
			(B) Evaluating different proposals in light of	
			the objectives to be achieved.	
			(C) Allocation of jobs to members of each	
			department.	

	(D) Seeing whether activities are performed	1 mark
	as per schedule or not .	

3



			Ans. (C) Allocation of jobs to members of each	
			department.	
1	4	3	The objective of management which	
			consistently creates economic value for	
			various constituents of society is :	
			(A) Organisational objective	
			(B) Social objective	
			(C) Personal objective	
			(D) Both Social and Personal objective	1 mark
			Ans. (B) Social objective	ES.
-	1			
2	1	4	Which of the following is a component of	Jatforn
			economic environment ?	
			(A) Concern with quality of life (B) Detector of coving and investment	
	1	241	(B) Rates of saving and investment	
		1	(C) Extent of government intervention in	
			(D) Birth and death rates	1 mark
			(D) Difth and death rates	1 mark
			Ans.(B) Rates of saving and investment	
3	2	5	The principles of management are said to be	
			flexible as :	
			(A) they aim at influencing behaviour of	
			human beings.	
			(B) they are general guidelines to action, but	
			do not provide readymade solutions to	
			management problems.	
		1		
			(C) they can be modified by the manager	



 (D) their application is dependent upon the

 prevailing situation at a particular point of

 time.

 Ans. (C) they can be modified by the manager

 when the situation so demands.

7	5	6	Identify the type of organisation structure	
			from the organisational chart given below of	
			Swastika Industries Ltd. located in	
			Uttarakhand :	1 mark
			Ans. Divisional Structure	AES.
6	9	7	For delegation to be effective, it is necessary	platfor
			that authority granted must be	
			commensurate with assigned	1 mark
			Largest	
		0	Ans. Responsibility	
10	12	8	test is a measure of an	
			individual's potential for learning new skills.	
			(A) Personality	
			(B) Aptitude	
			(C) Intelligence	
			(D) Interest	1 mark
			Ans. (B) Aptitude	
8	7	9	Which statement is <i>not</i> correct, with respect	
			to 'Organisation Structure' ?	
			(A) Ensures coordination among human and	
			physical resources.	

5



	(B) Ensures smooth flow of communication.	
	(C) Specifies relationship between people,	
	work and resources.	1 mark
	(D) Establishes standards for controlling.	
	Ans. (D) Establishes standards for controlling.	

9	8	10	Using external sources for filling vacant	
			positions:	
			(i) Gives a wider choice.	
			(ii) Simplifies the process of selection.	
			(iii) Instils a competitive spirit among the	E
			existing employees.	CLO.
			(iv) Does not infuse fresh talent in the	m zosz
			organisation.	platio
			Choose the correct option from the	
			following :	
	1		(A) (i) and (ii)	1 mark
		0	(B) (i) and (iii)	
			(C) (i), (iii) and (iv)	
			(D) (ii) and (iv)	
			Ans. (B) (i) and (iii)	
10	10	11		1
12	13	11	Organisations which choose to diversify	1 mark
			their operations require fixed	
			capital. (more/less)	
			Ans.More	

14	17	12	The process of classification of products into	
			different groups on the basis of their	



	important characteristics refers to which of	
	the following marketing functions ?	
	(A) Grading	
	(B) Standardisation	
	(C) Product designing	1 mark
	(D) Marketing planning	

			Ans. (A) Grading	
11	10	13	State the objective of financial management. Ans. The objective of financial management is to maximise shareholders wealth by maximization of the current market price of equity shares of the company.	1 mark Latform
15			While the product sets thelower limit of the price, the utility providedby the product sets the upper limit of price,which a buyer would be prepared to pay.Ans. Cost	1 mark
13	11	15	'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc. It has now decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed	1 mark



			in the above case ?	
			(A) Long-term investment decision	
			(B) Short-term investment decision	
			(C) Dividend decision	
			(D) Financing decision	
			Ans. (A) Long-term investment decision	
17	19	16	Who among the following is <i>not</i> considered a	
			consumer under the Consumer Protection	
			Act, 1986 ?	
			(A) A person who buys any goods for a	E
			consideration which has been paid.	C. O.
			(B) A person who avails of any service for a	tform
			consideration which has been promised.	Jan
			(C) A person who avails of a service for a	
			commercial purpose.	
	1		(D) Any user of goods when such use is made	1 mark
		0	with the approval of the buyer.	
			Ans. (C) A person who avails of a service for a	
			commercial purpose.	
16	15	17	State, giving reason, whether the following	
			statement is true or false :	
			"Advertising refers to short term incentives	
			which are designed to encourage the buyers	
			to make immediate purchase of a product."	
			Ans. The statement is false.	1⁄2
			Reason: Sales Promotion refers to short term	+

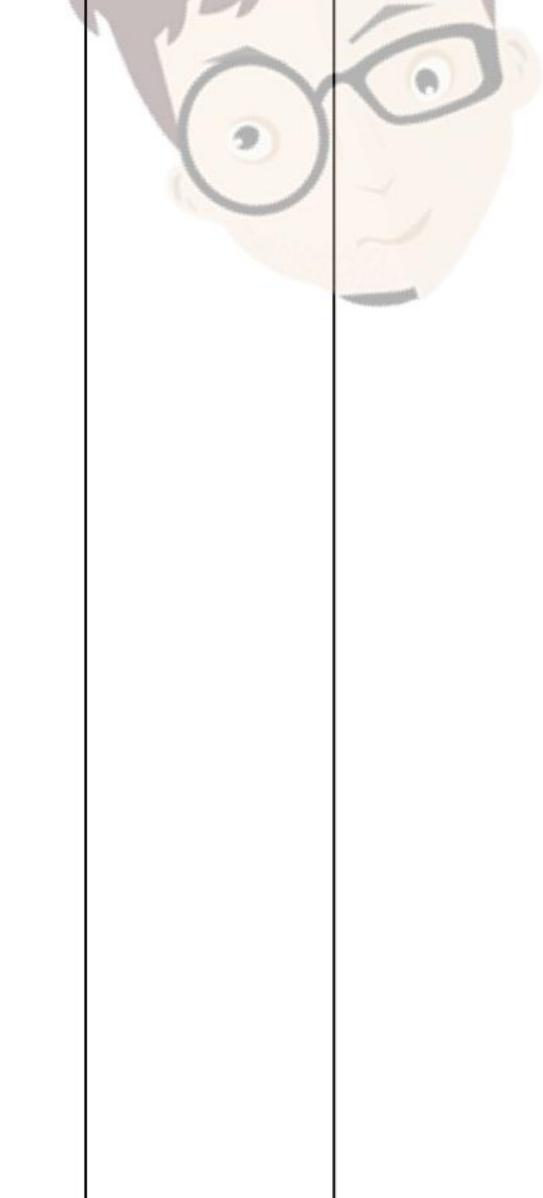




			buyers to make immediate purchase of a product.	1/2
			OR Advertising refers to an impersonal form of communication, which is paid for by the marketer to promote their products.	=1 mark
19			The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving. The function performed by the label in the above case is : (A) Describing the product and specifies its contents. (B) Identification of the product or brand. (C) Helping in promotion of products. (D) Providing information required by law. Ans. (A) Describing the product and specifies its contents.	atom 1 mark
20	18	19	Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order. He performs a series of composite but separate functions simultaneously and	



18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of				performed by all managers at all times. The feature of management highlighted 1 mar	·k
18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale.				above is :	
18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale.				(A) Management is a continuous process.	
18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale.				(B) Management is pervasive.	
18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale.				(C) Management is dynamic.	
18 16 20 Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale.				(D) Management is a group activity.	
she opened it, she felt the biscuits were stale.				Ans. (A) Management is a continuous process.	
she opened it, she felt the biscuits were stale.					Eg
	18	16	20	Aarushi purchased a pack of biscuits. When	
She carefully read the label on the pack of				she opened it, she felt the biscuits were stale.	orm
				She carefully read the label on the pack of	
				"If you are not satisfied with the product	
"If you are not satisfied with the product		1		quality, write to our Customer Care Cell at	



quality, write to our Customer Care Cen at

Bell Foods Pvt. Ltd.

B/321, Jalandhar, Punjab."

The biscuit company has set up its own

consumer service and grievance cell to

promote and protect the following right :

(A) Right to Safety

(B) Right to be Heard

(C) Right to be Informed

(D) Right to Consumer Education

Ans. (B) Right to be Heard

1 mark

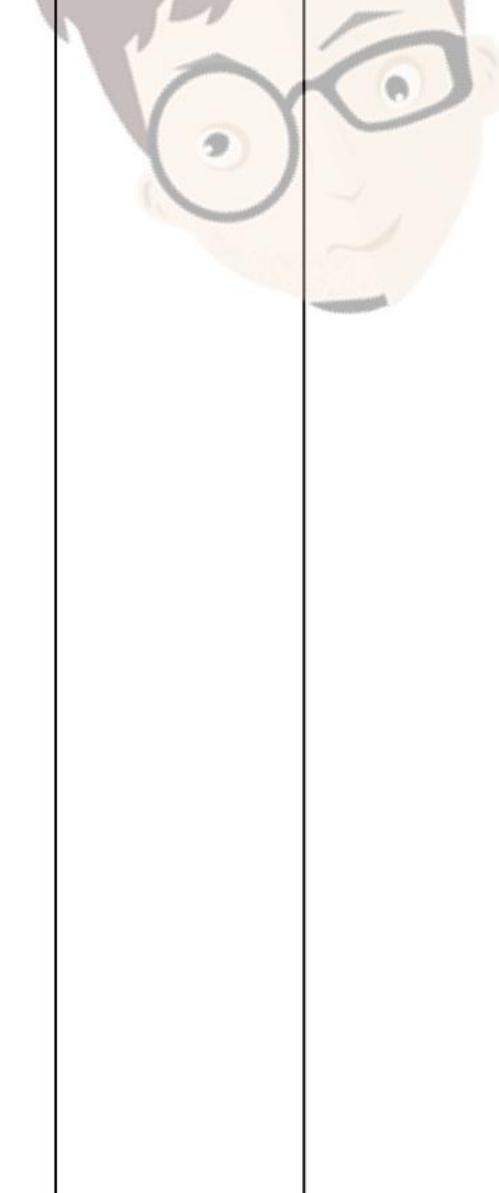
			SECTION B	
24	25	21	Currently, the banking sector in the Indian	

10



economy is facing lots of problems. The rates
of interest that banks are paying on deposits
have sharply decreased; as a result banks
are able to collect lesser amounts of deposits.
Due to the policies of the Reserve Bank of
India, lending rates have also decreased. The

automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining. Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, short-term instrument which could be purchased by corporations, companies and individuals.



(a) Identify and explain the money market

instrument used by 'The Oberoi Bank Ltd.'

to raise funds.

(b) Also explain the money market instrument used by the banks to maintain

Cash Reserve Ratio.

Ans. (a) The money market instrument used by

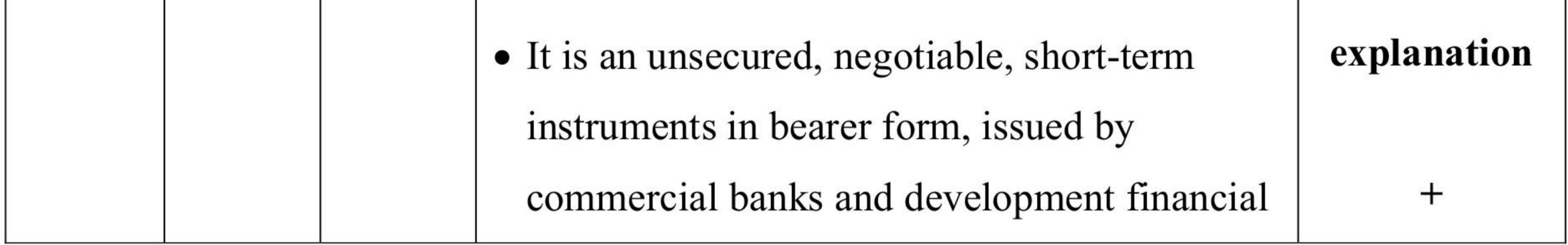
'The Oberoi Bank Ltd.' to raise funds is

Certificate of Deposit.

1 mark for naming the instrument + 1 mark for its

E

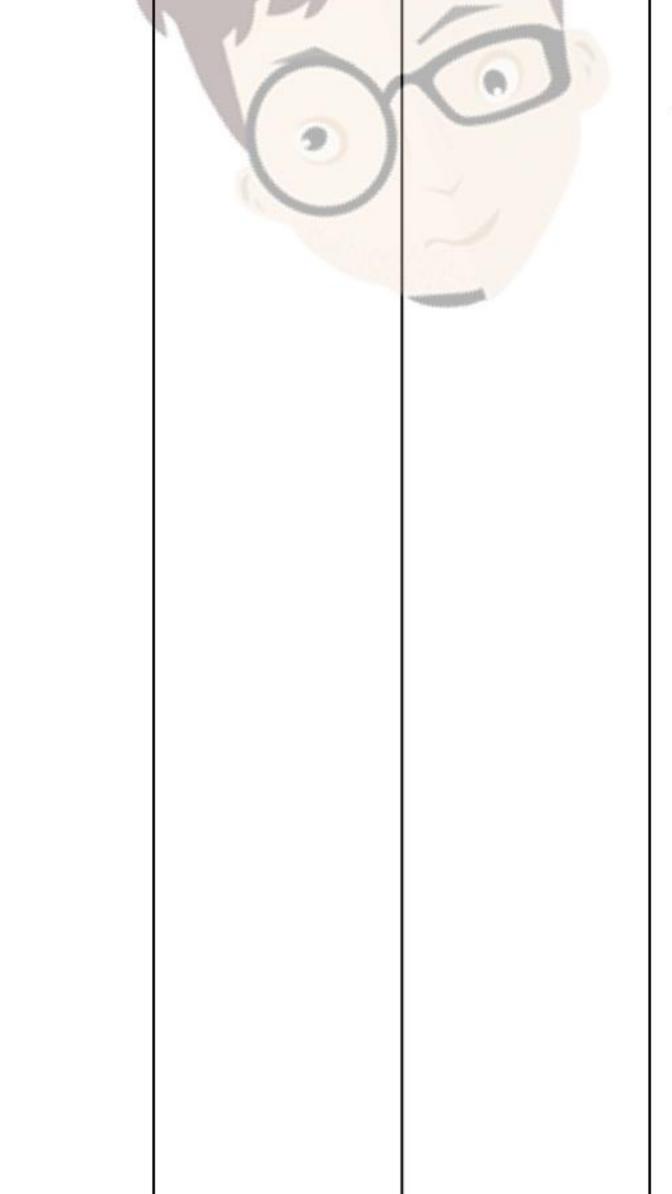
atform



11



		 institutions. It can be issued to individuals, corporations and companies during periods of tight liquidity. (b) <u>The money market instrument used by the</u> <u>banks to maintain Cash Reserve Ratio is Call</u> <u>Money</u> by which banks borrow from each other for a period of one day to fifteen days. 	<pre>½ mark for naming the instrument + ½ mark for its explanation =1+1+1 = 3 marks</pre>
	22	 Q. Explain the following as limitations of planning: (a) Planning leads to rigidity (b) Planning involves huge costs (c) Planning does not guarantee success 	atform



Ans.

(a) Planning leads to rigidity:

- Once a well defined plan is drawn, the managers may not be in a position to change it.
- This kind of rigidity in plans may create difficulty.

				(b) Planning involves huge costs:		
--	--	--	--	-----------------------------------	--	--

12

*These answers are meant to be used by evaluators



1

+

	Planning <u>involves huge costs</u> in terms of	1
	time and money e.g. checking accuracy	
	of facts may require a lot of time.	
		+
	 The costs incurred sometimes may not 	
	justify the benefits derived from the	



(c) Planning does not guarantee success:

 The success of an organisation is possible only when plans are properly drawn up, implemented and translated

into action.

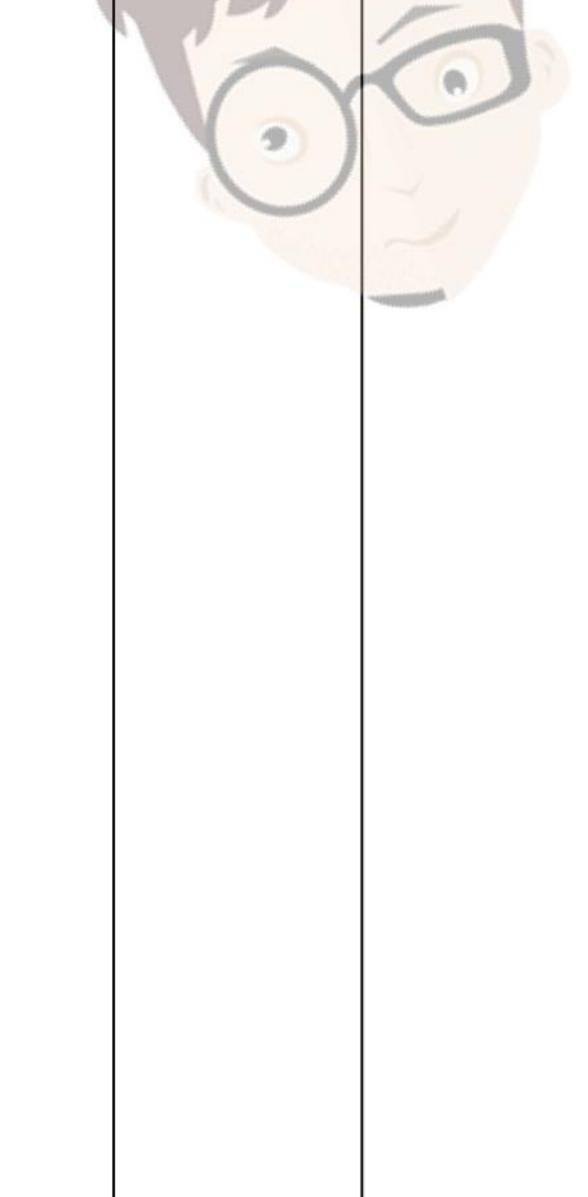
Managers have a tendency to rely on

previously tried and tested successful

=3 marks

zeview 1

1



plans. Following a pre decided plan

when the circumstances have changed

may not turn to be in organisation's

interest.

OR

Q. Explain the following points as
importance of delegation of authority:
(a) Motivation of employees
(b) Employee development

OR

(c) Basis of management hierarchy	
Ans.	

13



(a) Motivation of employees 1 • Delegation is not merely sharing of work but involves trust on the part of the superior and commitment on the part of the subordinate. This builds the self 1

esteem of the employees thereby

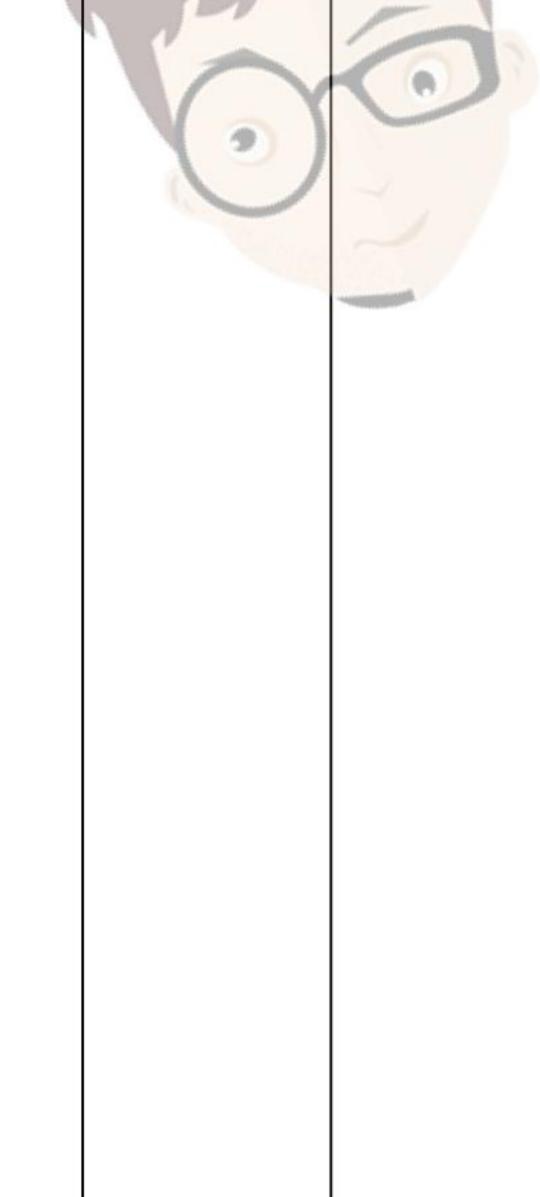
improving their confidence.

 It helps to motivate employees as the employees feel encouraged and try to improve their performance further.

(b) Employee development

Delegation helps in development of

employees as the employees get more



opportunities to utilize their talent.

- It empowers the employees by
 providing them a chance to use their
 - skills, gain experience and develop
 - themselves for higher positions.
- (c) Basis of management hierarchy
 - Delegation helps in establishing a
 - management hierarchy through clear
- =3 marks

1

+

+

Review Platform

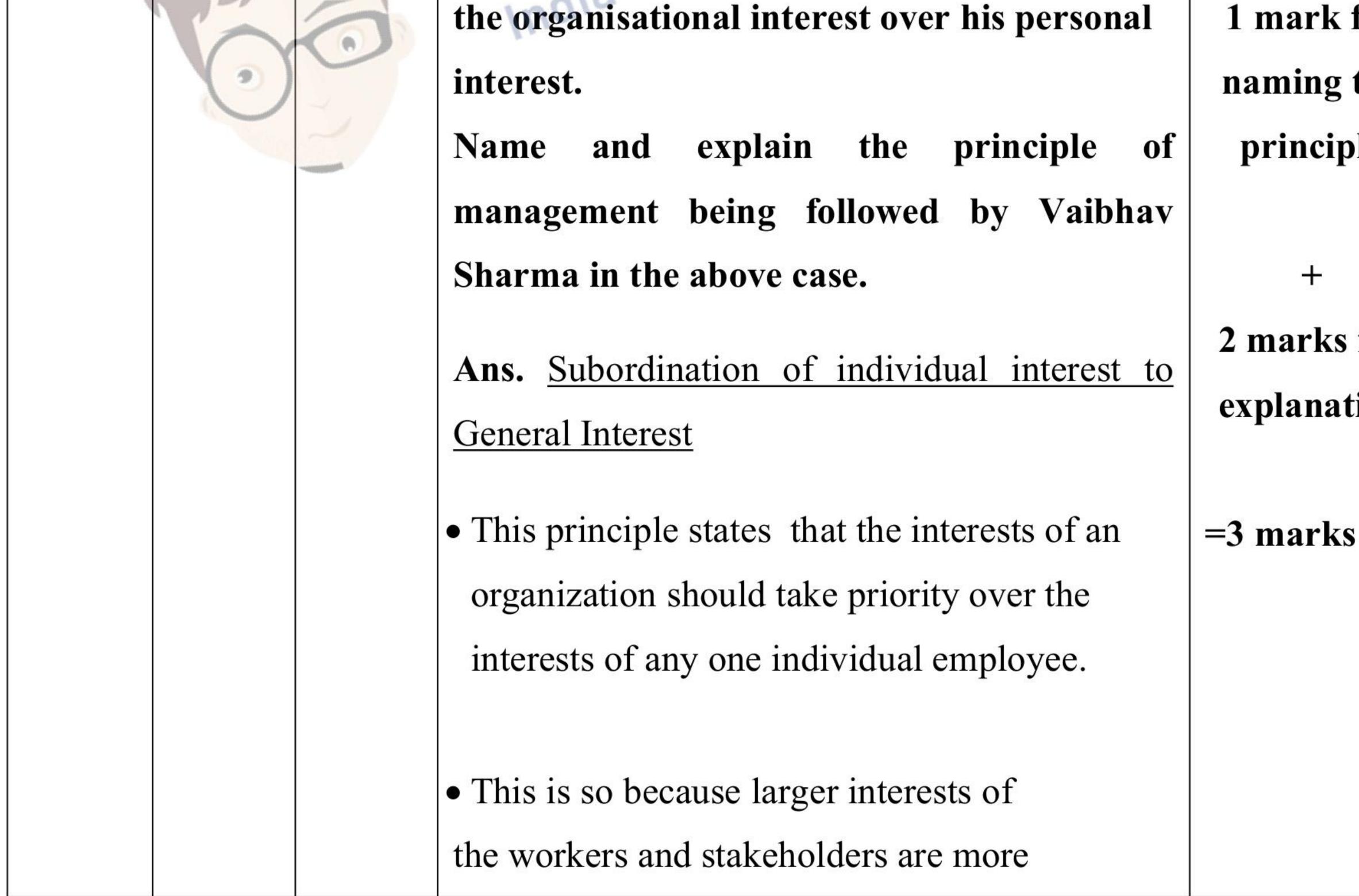
		management meratery unough clear	Jinarks
		superior subordinate relationships.	
		It is this degree and flow of authority	

14



21	23	23	Vaibhav Sharma was working as the	
			organisation.	
			that each job position enjoys in the	
			whom which in turn decides the power	
			which determines who has to report to	

Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive **Officer (CEO) of the company was** scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to



1 mark for naming the principle 2 marks for explanation =3 marks

15

*These answers are meant to be used by evaluators



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			important than the interest of any one person.	
23	21	24	Explain the following steps in the process of staffing :	

(a) Performance Appraisal

(b) Promotion and Career Planning

(c) Compensation

dias

Ans. Steps in the process of staffing :

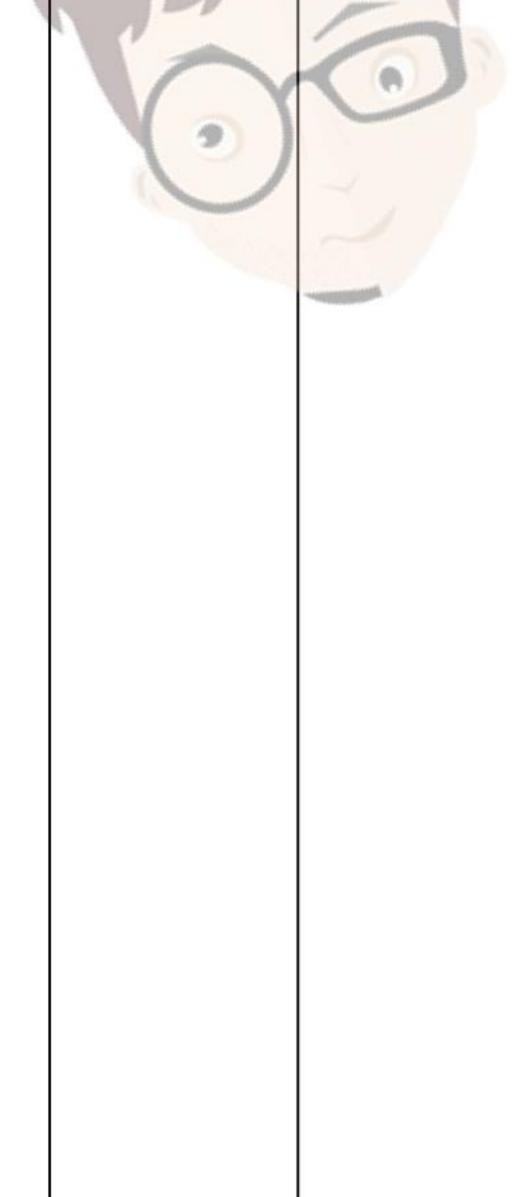
(a) Performance Appraisal

 Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards.

• It also includes providing feedback to the employee on his/her performance.

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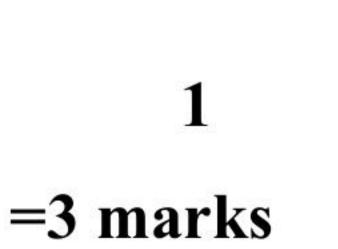


(b) Promotion and Career Planning

- Promotions are an integral part of people's career. They refer to being placed in positions of increased responsibility.
- Managers need to design activities to serve
 - employees' long-term interests.

(c) Compensation

- Compensation refers to all forms of pay or
 - rewards given to employees



+

rewards grven to employees.	Jinarks	
• They may be in the form of direct financial		
payments and indirect payments.		

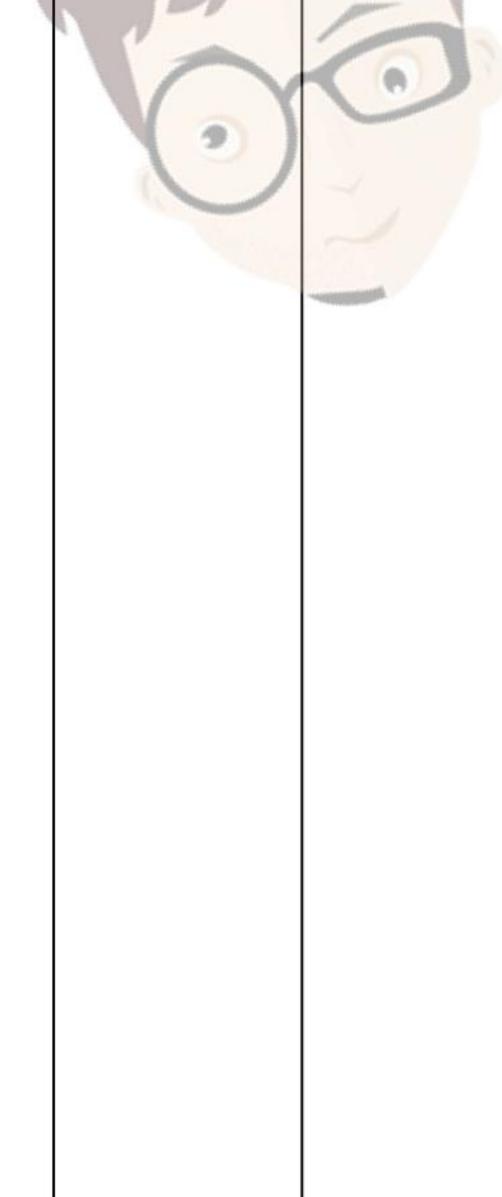
16



25	24	25	'Stay Fit', a probiotic drink was launched in
			the market by Dabal India Ltd. and is
			available in various cities across the country.
			Doctors are recommending it as it is very

Doctors are recommending it as it is very useful for the stomach. The company is also using various tools to inform and persuade customers about its product.
It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future.

The company has also appointed a large number of salespersons, who contact the prospective buyers and communicate with them to make sales. This way, the company



is able to develop personal rapport with its

customers.

In order to create awareness and to increase

its popularity among school children, it also

organises workshops for students and

teachers. It also arranged visits of students

and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive

image of its product in the society. This way

1/2 mark for identifying each tool

E

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	customers about their firm's product.	its
	communication tools to inform and persuade	½ mark for
	the company is using a combination of	
	image of its product in the society. This way	+

17



Identify and explain these tools.	explanation
Ans.	
Tools used by the company to inform and	=1 x 3
persuade customers about their product are:	

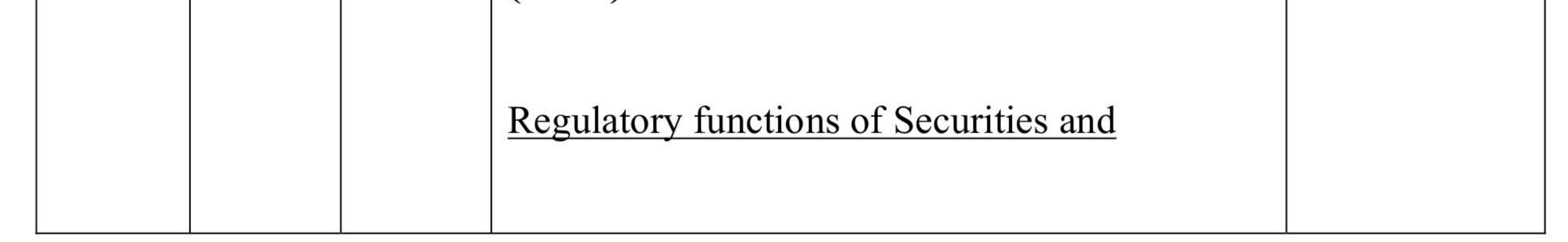
(i)Sales Promotion: It refers to short- term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.

(ii) <u>Personal Selling</u>: It involves oral presentation of message in the form

of conversation with one or more

prospective customers for the

purpose of making sales.



18

*These answers are meant to be used by evaluators



= 3 marks

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	Exchange Board of India are: (Any four)	
	1. It registers brokers and sub brokers and other	
	players in the market.	
	2. It registers collective investment schemes and mutual funds.	

3. It regulates stock brokers, portfolio

exchanges, underwriters and merchant bankers.

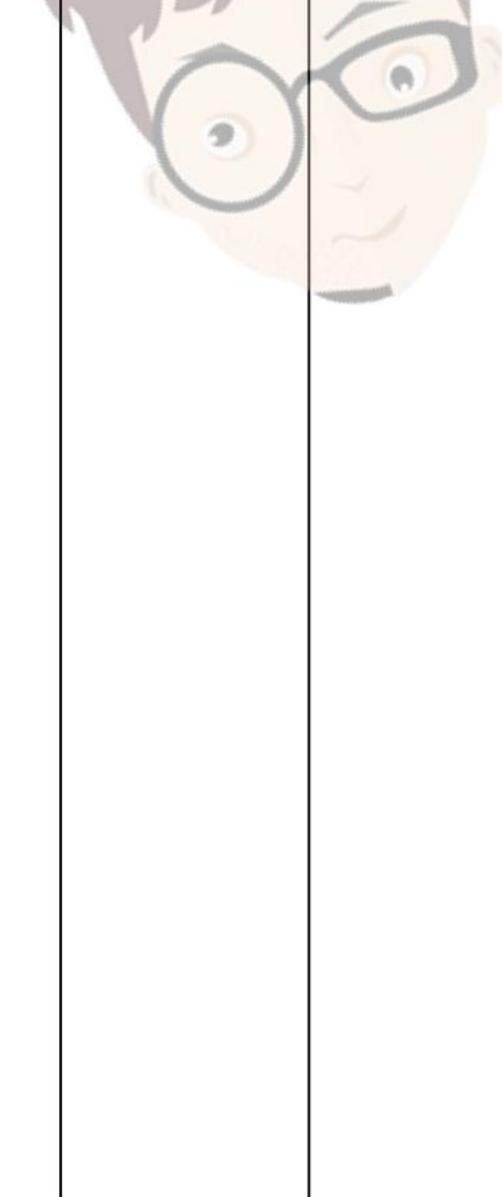
4. It regulates takeover bids by companies.

5. It calls for information by undertaking inspection, conducting enquiries and audit of

stock exchanges and intermediaries.

6. It levies fee or other charges for carrying out the purposes of the SEBI Act, 1992.

7. It performs and exercises such powers under



Securities Contract (Regulation) Act 1956 as

may be delegated by the government of India.

(If an examinee has given only the heading,

¹/₂ mark for the heading should be awarded)

OR

OR

1 x 4

=

4 marks

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Q. Explain 'Commercial Paper' and 'Treasury Bill' as money market

instruments.

 Commercial Paper

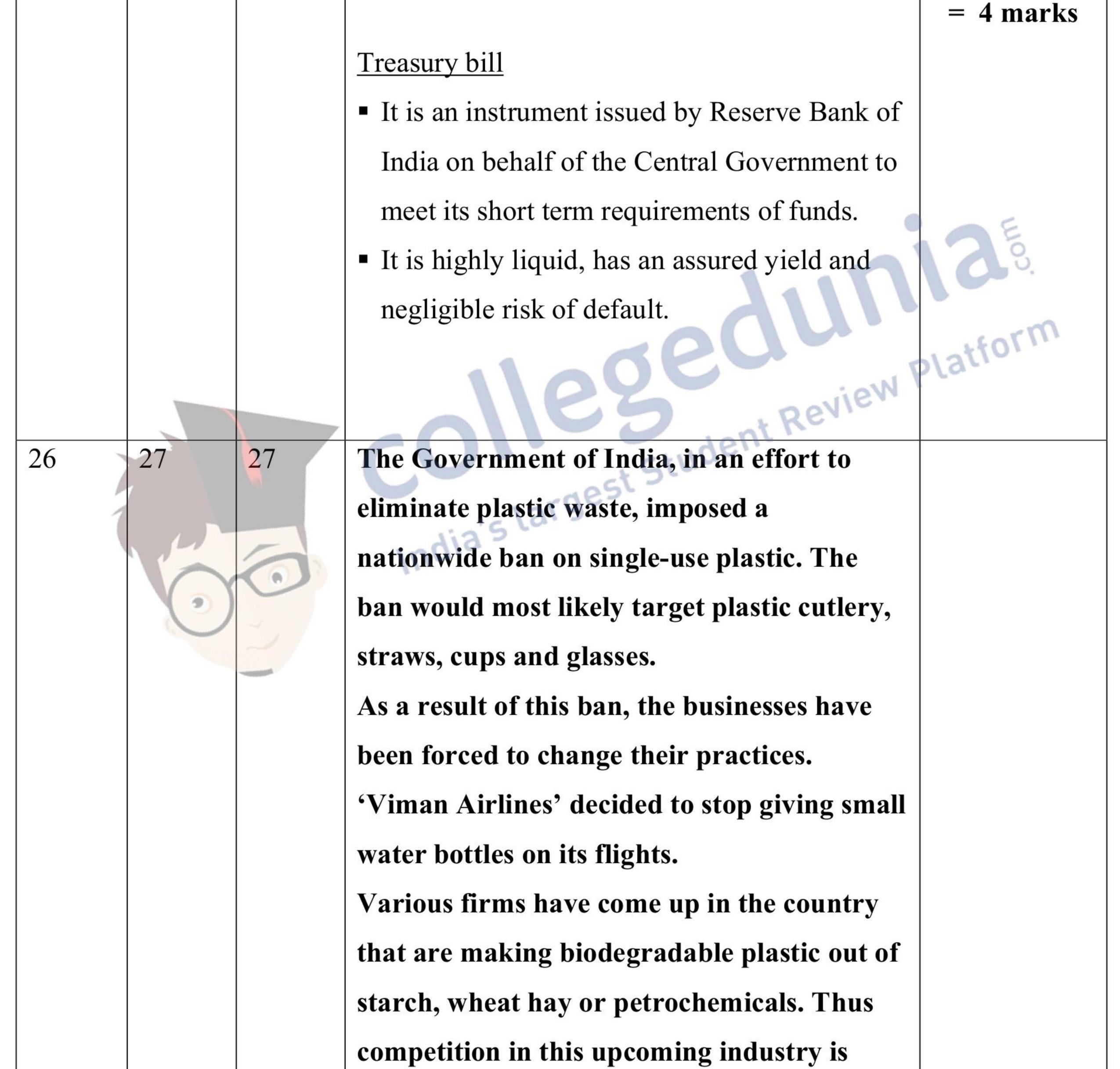
 • It is an instrument issued by large and

 2 marks

19



creditworthy companies to raise short term	
funds at lower rates of interest than the	
market rates.	
It is an unsecured, negotiable promissory note	
with a fixed maturity period of 15 days to one	2 marks
year.	



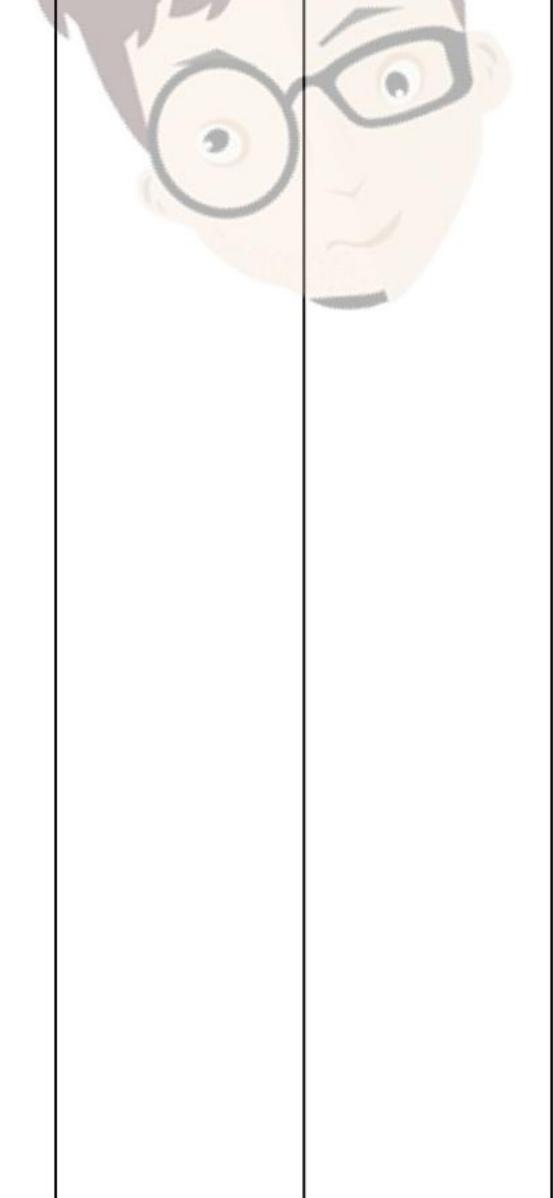
immense. **Businesses are also focusing on developing** techniques to produce alternatives for plastic

20



bags. 'Carlos Technologies Ltd.', a leadingengineering company, has planned to designand deliver hi-tech machines that can scaleup production of bags made from newspaperto replace plastic bags. Many companies areplacing orders for such machines. This has

added challenges before smaller firms making paper bags. In various enterprises, employees are being trained to operate such hi-tech machines. This will provide human resource with ¹/₂ mark for higher competence. Customers have also become more Identifying demanding due to increased awareness and the impact are forcing sellers to adopt bags which are not made of plastic. +Identify and explain the impact of the above ¹/₂ mark for **Government policy on Business and** its Industry. explanation $= 1 \times 4$ **Ans.** The impact of the above Government =4 marks policy on Business and Industry in the above case are: (i) Necessity for change Increasing competition (ii) (iii) Need for developing human resource Rapidly changing technological (iv) environment



27	26	28	Alka is working in the Accounts Department	
			of 'Modern Locks Ltd'. Her mother is not	
			well and to attend to her she wanted to take	

21



leave for one week.	
For this, she went to the Senior Accountant,	
Manoj and discussed her problem. At that	
time Manoj was simultaneously checking the	
Balance Sheet of the company. Since his	
mind was preoccupied in some work, he did	

not listen to Alka attentively and could not 1 mark for understand her problem. Alka was quite disappointed with the identifying behaviour of Manoj. the type of (a) Identify the type of communication barrier barrier discussed above. ĿЪ (b) Also explain any three barriers of the (¹/₂ mark for naming the same type. Review barrier Ans. +(a) The type of communication barrier is ¹/₂ mark for

			 <u>Psychological Barrier</u> /Lack of attention. (b) <u>Other Psychological Barriers</u> (i) Premature evaluation (ii) Loss by transmission and poor retention (iii) Distrust 	its explanation = 1 x 3 = 3 marks) = 1+3
			SECTION D	= 4 marks
31	29	29	Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants	

are located in Jamshedpur and Bokaro.Currently it produces about three milliontonnes of saleable steel. As the demand for

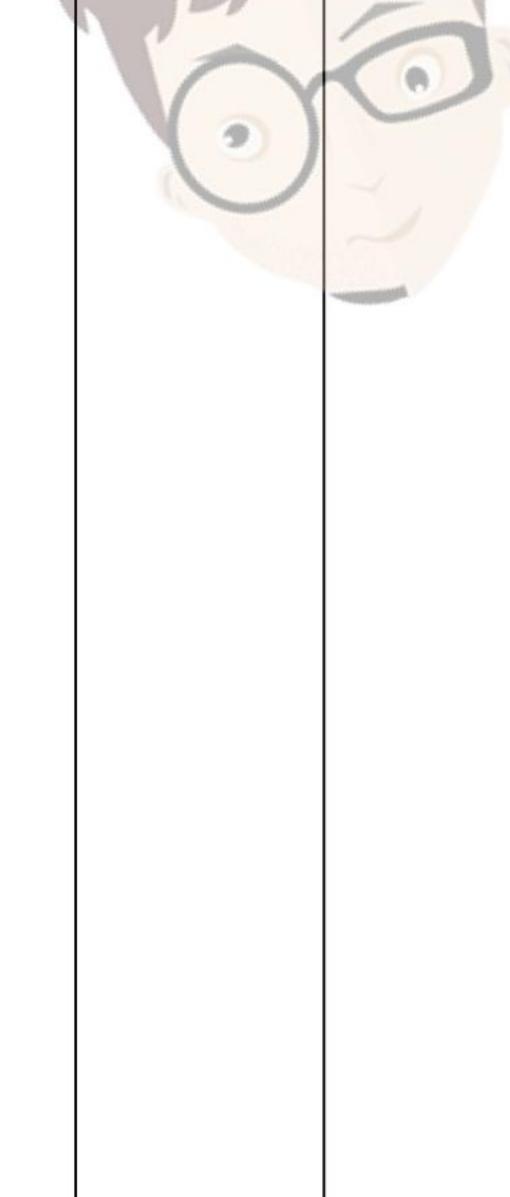
22



steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require < 1,800 crore of fixed capital and < 200 crore of working capital. To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of < 2,000 crore. Presently the capital structure is comprising of equity only. The Finance Manager of the company suggested that since the stock E markets are undergoing a bearish phase, it should issue debentures. (a) Is it justified to raise funds by issuing debentures ? Give reason in support of your

answer.

(b) Explain the impact of issue of debentures



on the risk faced by the company.

(c) Explain the impact of 'cost of debt' and

'cost of equity' on the capital structure of the

company

Ans.

(a) Yes, it is justified to raise funds by issuing

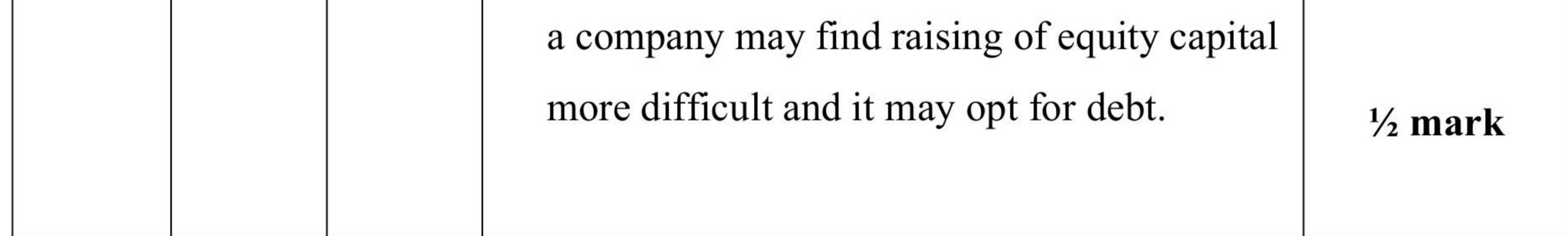
debentures.

Reason: (Any one)

(i) During a bearish phase in the capital market,

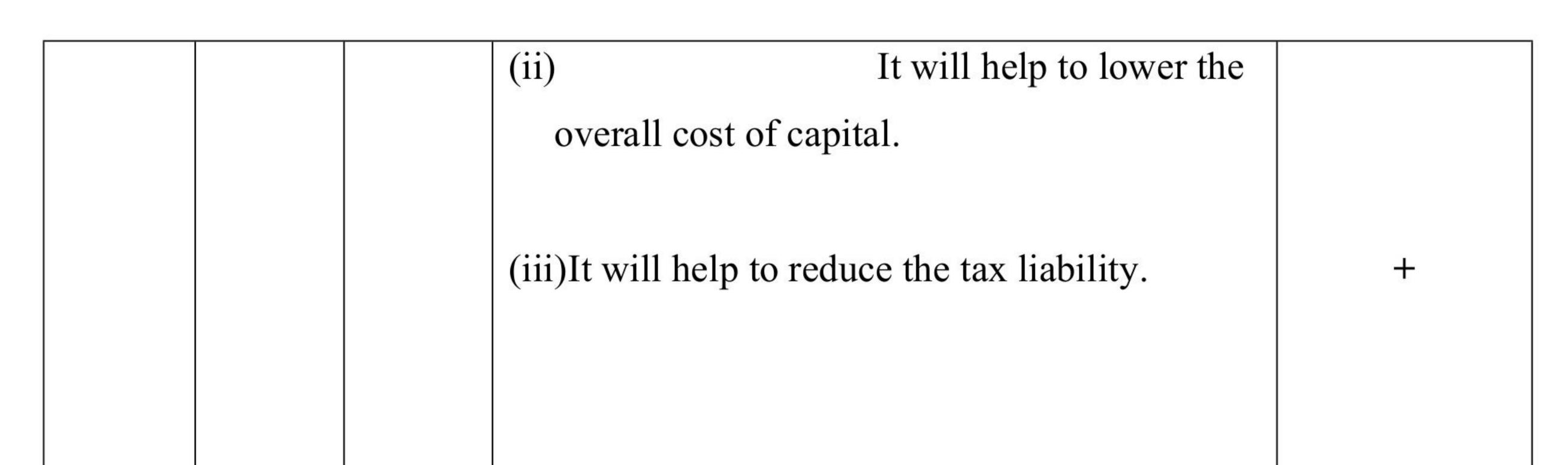
¹/₂ mark

+



23





(b) The issue of debentures will increase the

financial risk faced by the company as the

payment of interest and the return of principle

is obligatory for the business. Any default in

meeting these commitments may force the

business to go into liquidation.

(c) Impact of 'cost of debt' on the capital Review

structure of the company:

More debt can be used in the capital structure if

debt can be raised at a lower rate.

1 mark

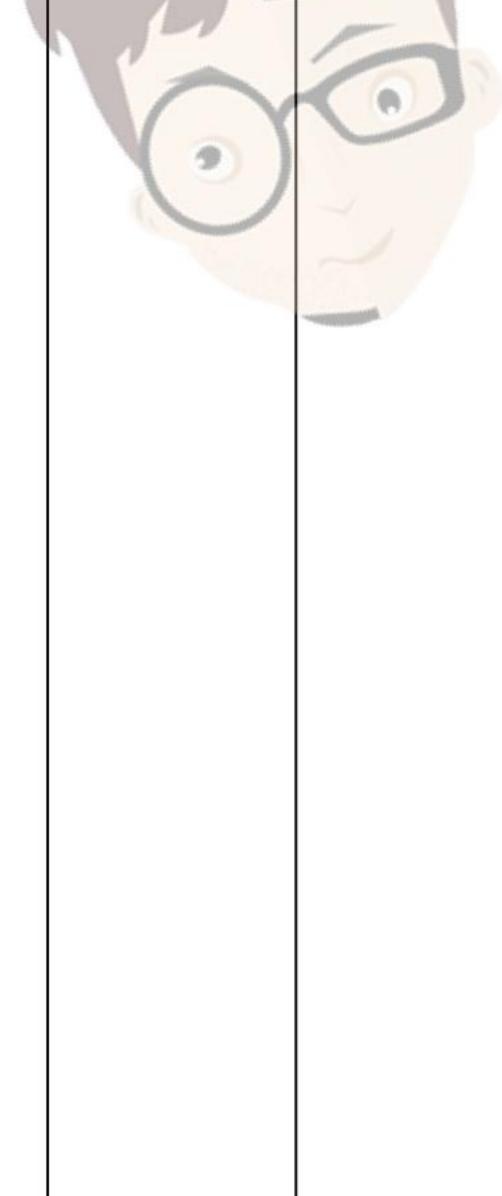
+

2 marks

+

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Impact of 'cost of equity' on the capital

structure of the company:

When a company increases debt, the financial risk faced by the equity shareholders increases. Consequently, their desired rate of return may increase due to which cost of capital will increase.

1 mark

= 5 marks



24



From last many years, in the month of

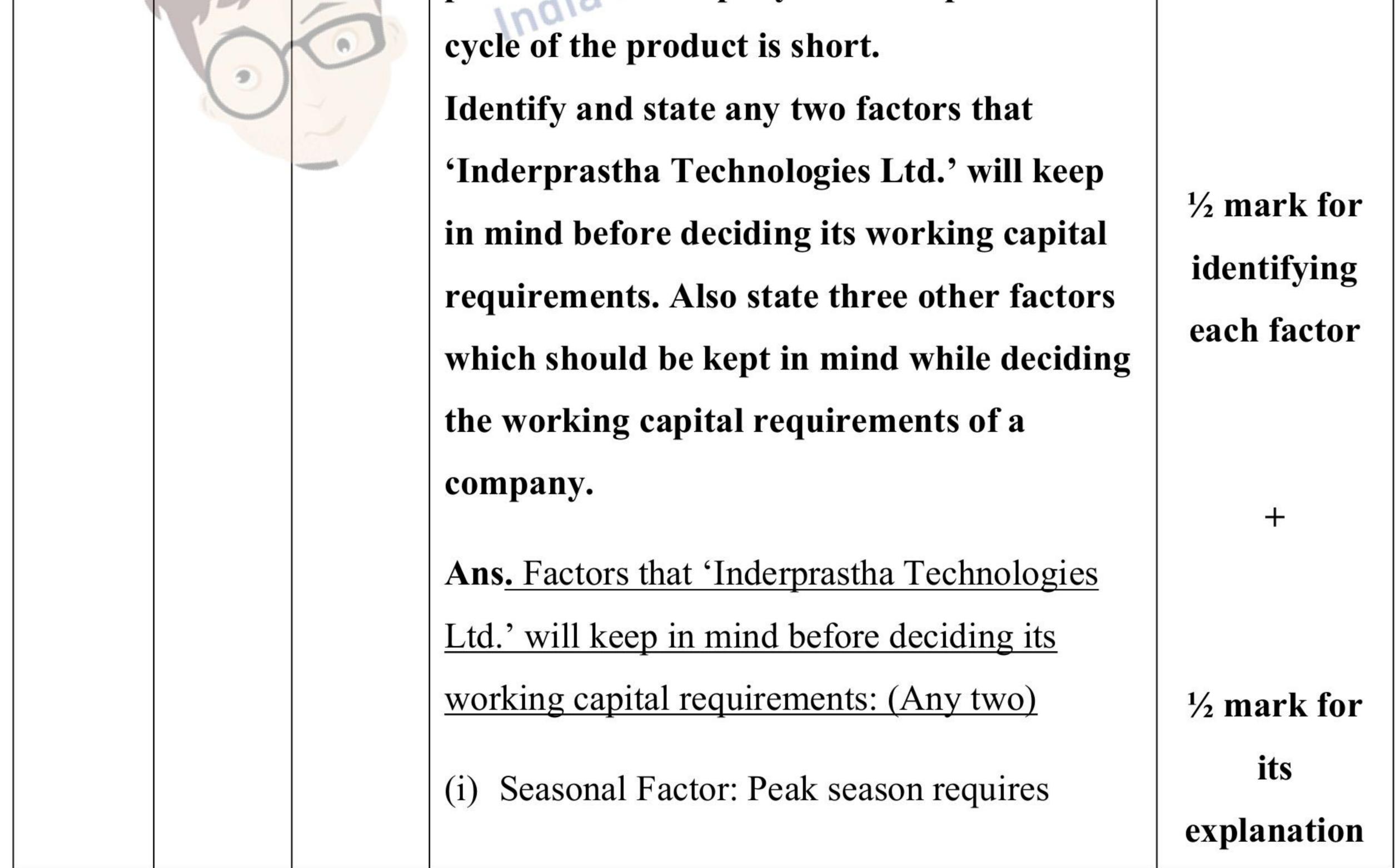
November, due to sudden rise in the

pollution levels in Delhi and other parts of

northern India, there has been an increase in

the demand for air purifiers.

Inderprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. In order to increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production



E

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25



higher working capital than lean season due	1 x 2
to higher level of activity.	= 2 marks
(ii) Level of competition: Higher competition	
requires larger stocks to meet urgent orders	
, thus, higher working capital is required.	+

(iii) Credit Allowed : A liberal credit policy

results in higher level amount of debtors,

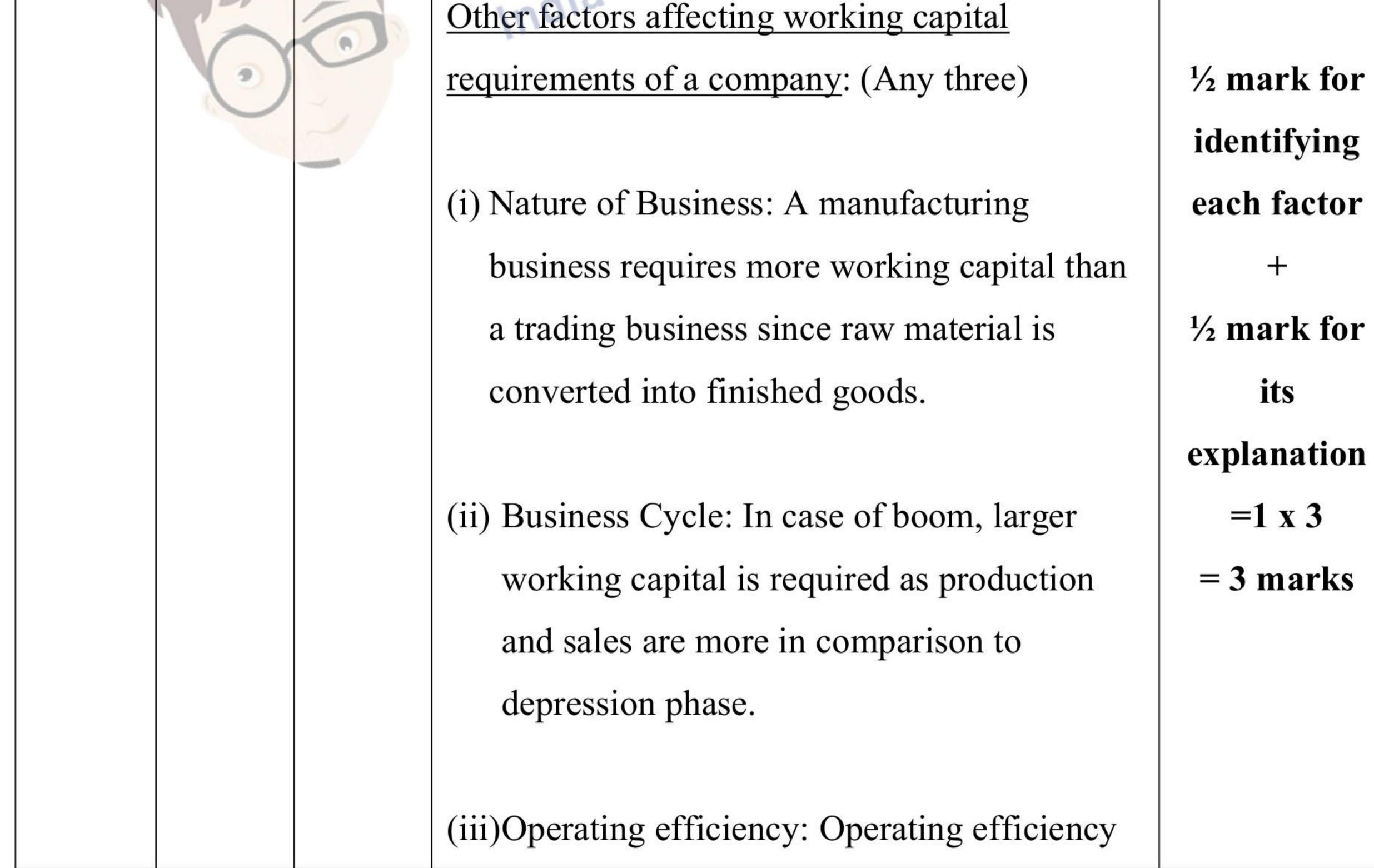
increasing the requirements of working

capital.

(iv)Production cycle: Shorter the production

cycle, lower is the amount of working ia's largest Student

capital.



Other factors affecting working capital

platform

26



reduces the levels of inventories and	
debtors, thereby, reducing working capital	
requirements.	
(iv)Availability of raw materials: Easy and	
continuous availability of raw materials	

enables the firms to keep lesser stock and

work with smaller working capital.

(v) Growth prospects: Higher growthprospects will require larger amounts ofworking capital to meet higher production

and sales target.

(vi)Inflation: With rising prices, larger amounts

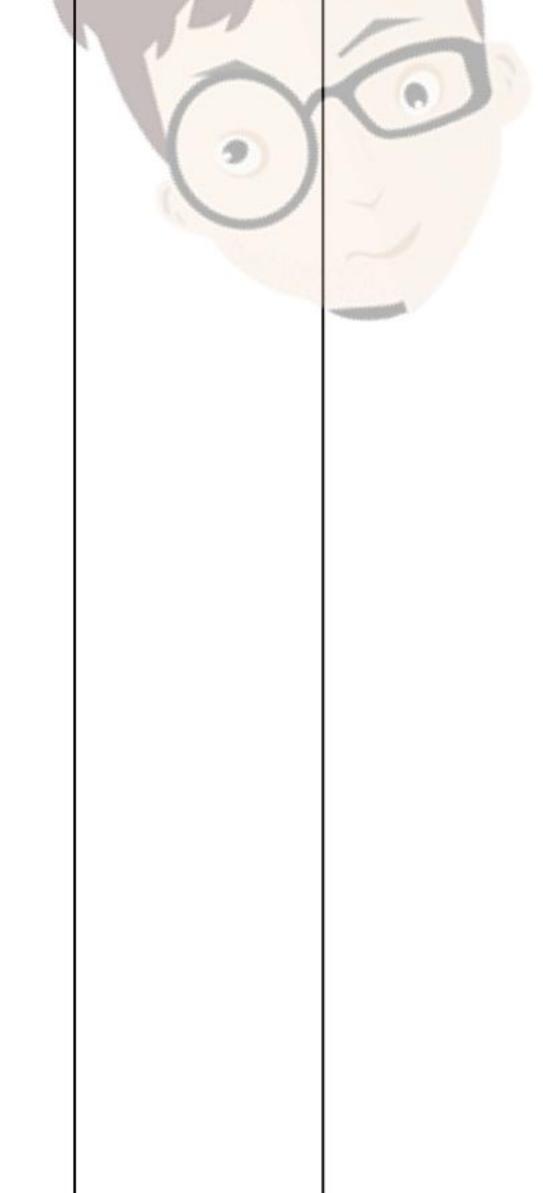
are required to maintain a constant volume

of production and sales, thus, increasing the =

= 2 + 3

EO

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need for working capital.

(vii) Credit availed: To the extent the firm

avails credit on purchases, the working

capital requirement is reduced.

(viii) Scale of operations: A larger scale

organization requires larger amount of

working capital as compared to a small

scale organisation.

= 5 marks

	-	30	Q. State any five limitations of internal	
			sources of recruitment.	

27

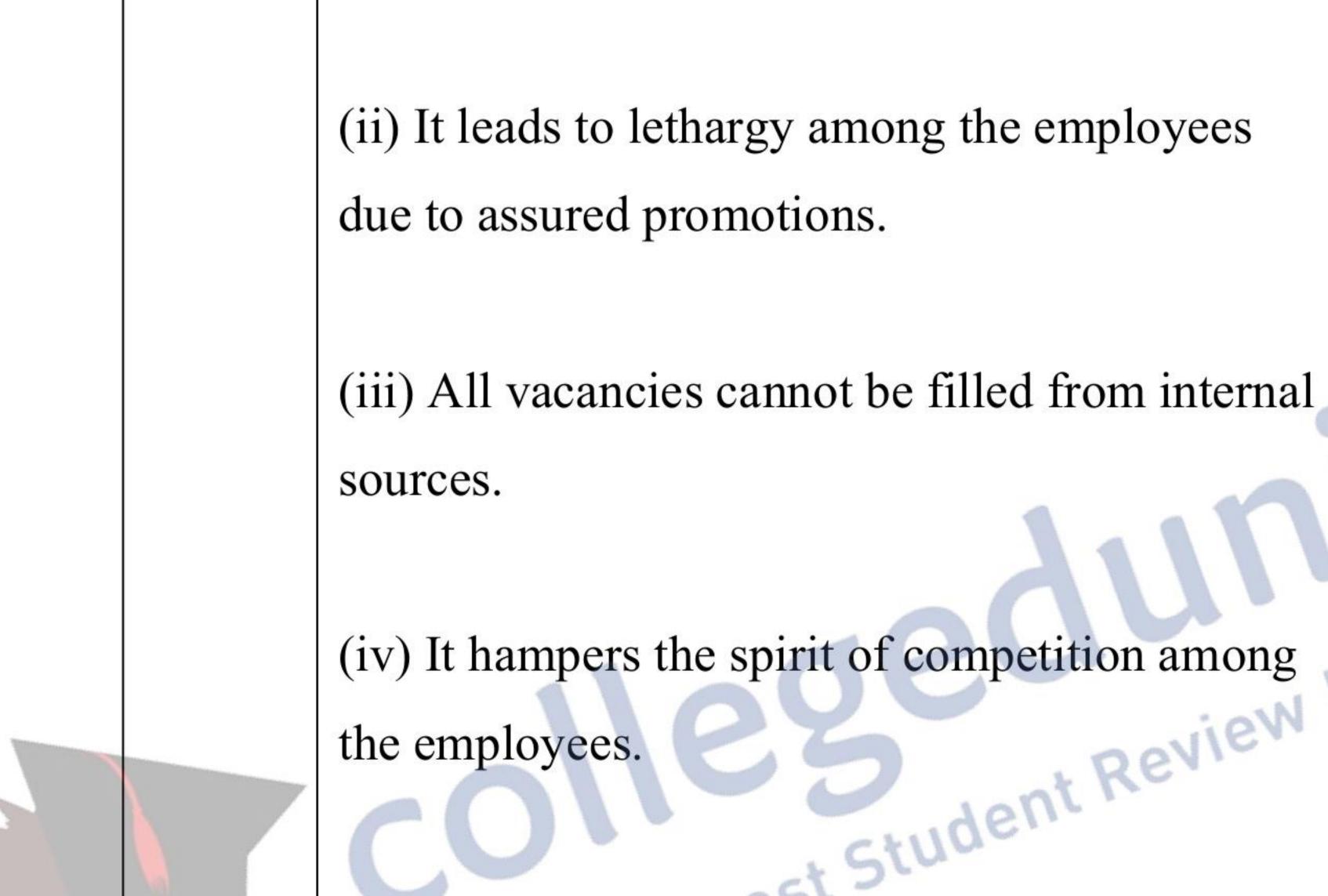


Ans. Limitations of internal of sources

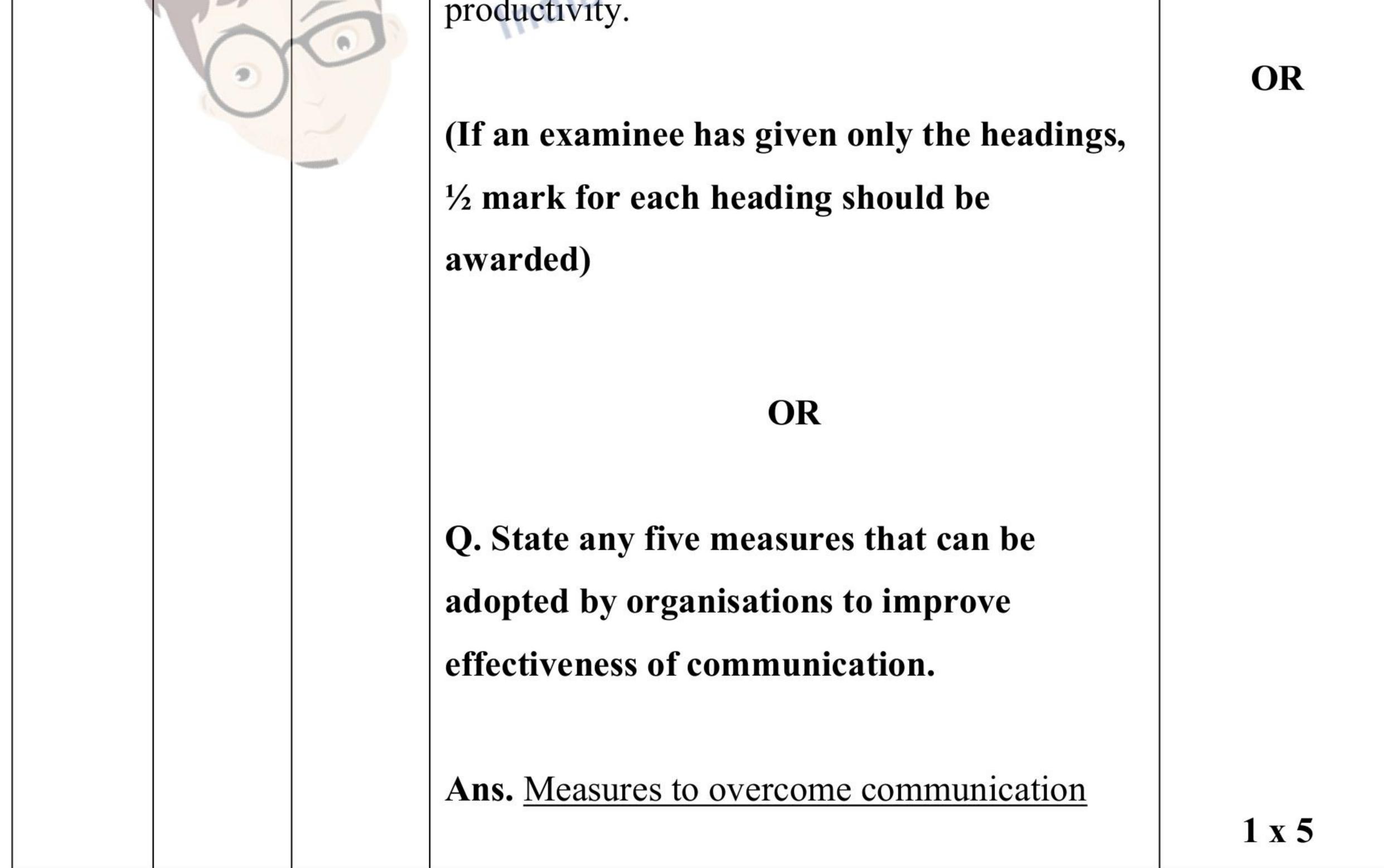
recruitment:

(i) It reduces the scope for induction of fresh

talent in the organisation.



(v) Frequent transfers often reduce



productivity.

1 x 5

=

5 marks

platform

28



barriers: (Any five)	
(i) Clarify the ideas before communicating.	=
(ii) Communicate according to the needs of the	
receiver.	5 marks
(iii) Consult others before communicating.	
(iv) Be aware of the language, tone and content	

of the message.

(v) Convey things of help and value to listeners.

(vi) Ensure proper feedback by asking

questions regarding the message conveyed.

(vii) Communicate for present as well as future.

(viii) Follow up communications and review on

the instructions given to the subordinates.

(ix) Be a good listener.

(If an examinee has given only the headings,

1/2 mark for each heading should be

			awarded)	
29	31	31	 Explain any five characteristics of coordination. Ans. <u>Characteristics of coordination(any five):</u> 	
			 (i) Integrates group efforts (ii) Ensures unity of action (iii) Continuous process: (iv) Pervasive function (v) Responsibility of all managers (vi) Deliberate function 	½mark fornaming thecharacteristic+½mark foritsexplanation

29

*These answers are meant to be used by evaluators

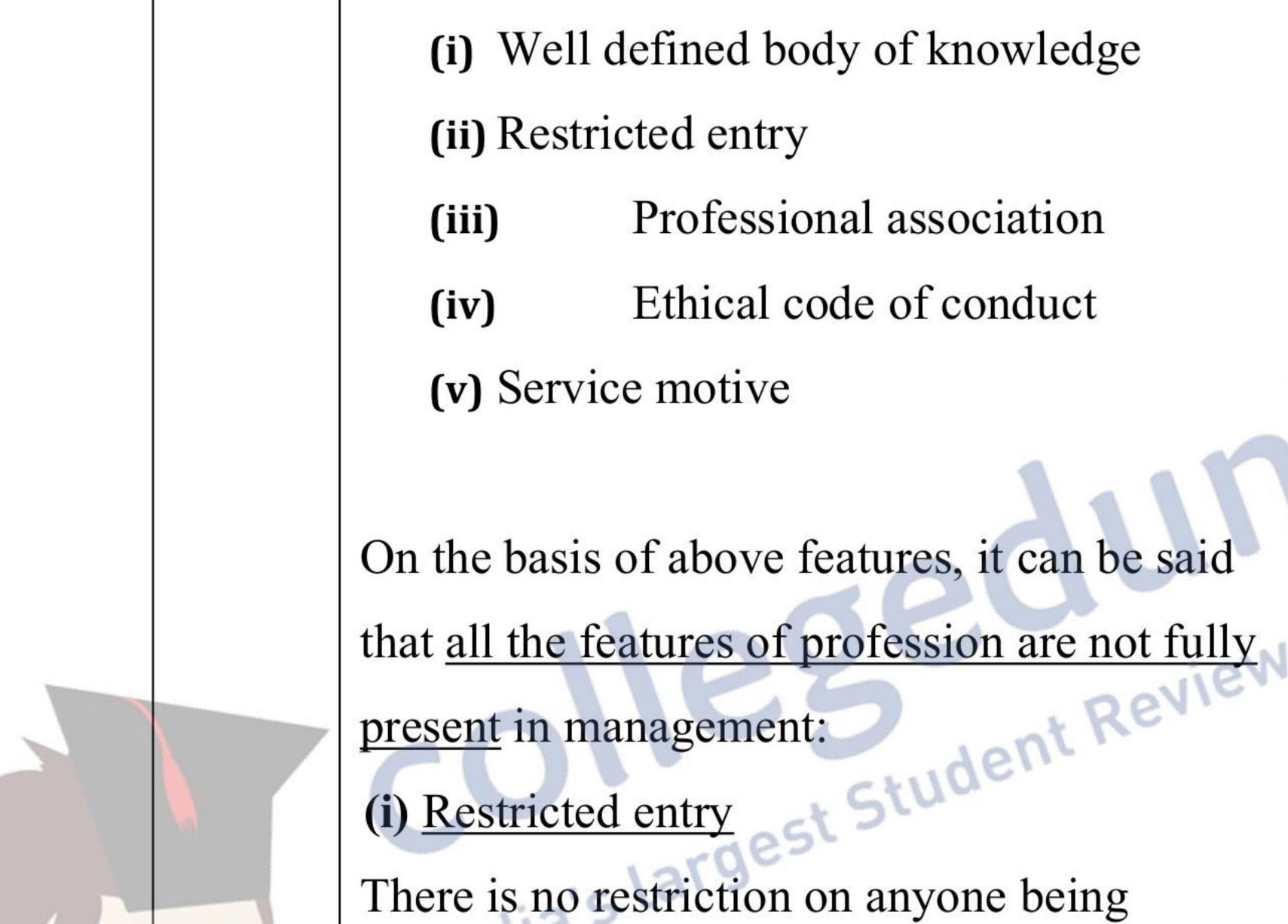


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OR	= 1 x 5
Is management a profession ? Explain.	= 5 marks
Ans. Any body of knowledge that qualifies to become a profession must fulfill the following	OR
characteristics:	



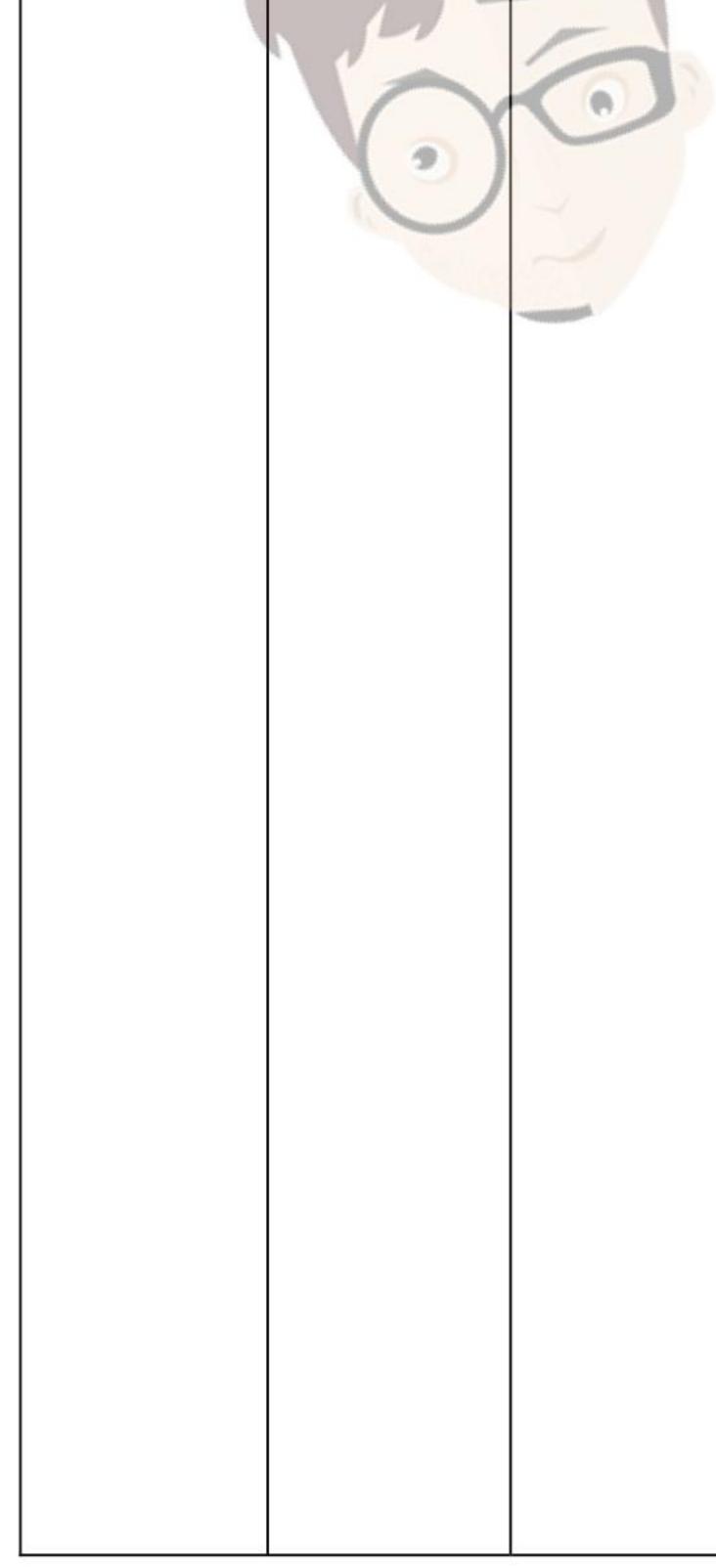
1 mark for

+

1 mark

LO

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appointed as a manager in any business

enterprise.

So, presently this feature of profession is not

present in management.

(ii) Professional association

There are several associations of practising managers in India, like the AIMA, that have laid down a code of conduct to regulate the activities of their members, but, there is,

however, no compulsion for managers to be

each feature not fully present in management $= 1 \times 4$ 4 marks =

members of such associations.

So, presently this feature of profession is not

30



	fully present in management	
	(iii) Ethical code of conduct	
	AIMA has devised a code of conduct for Indian	
	managers but there is no statutory backing for	
	this code.	=1 +4
		(iii) <u>Ethical code of conduct</u> AIMA has devised a code of conduct for Indian managers but there is no statutory backing for

So, presently this feature of profession is not

fully present in management.

(iv) Service motive

The basic purpose of management to help the organisation achieve its goals by providing

good quality products at reasonable prices,

thereby, serving the society, is being Zeview

increasingly recognised.

So, presently this feature of profession is not

fully present in management.

			It can be concluded that management is not a full fledged profession.	
			SECTION E	
32	32	32	InfoMed Ltd. is a growing IT firm with	
			rapidly increasing market share. It has	
			recently been awarded 'The Best	
			Organisation to Work in India – 2019' and is	
			the most sought after by job-seekers.	

In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no

31

*These answers are meant to be used by evaluators



= 5 marks

E

platform

ambiguity in the role that each member has to play, as the duties are specified. During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their

feelings with others. This leads to the success

of the organisation.

(a) Identify and explain the types of

organisation being discussed in the above

case.

Ans.

(b) State two advantages of each type of the

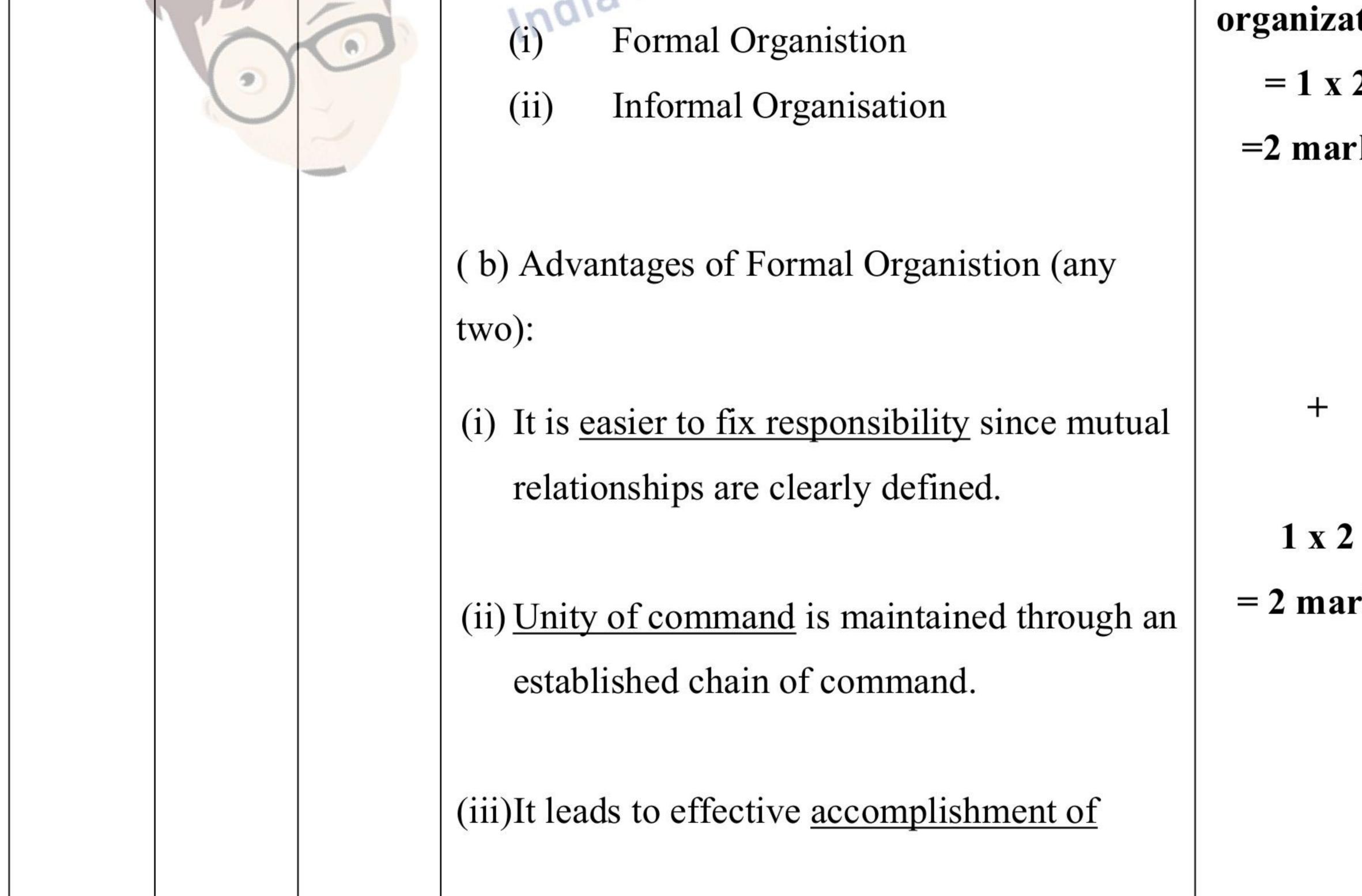
organisation identified in (a) above which

have not been discussed in the above para Review

(a) Types of organisations:

1 mark for identifying each type of

EO.

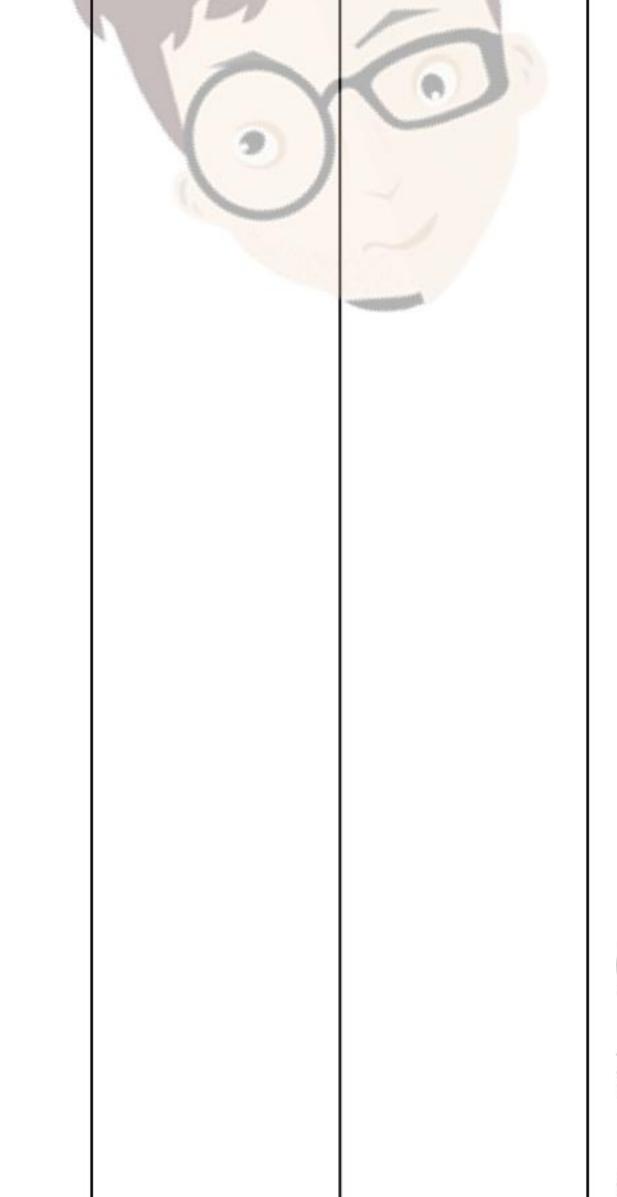


organization $= 1 \times 2$ =2 marks = 2 marks

32



	goals by providing a framework for the	
	operations to be performed and ensuring	
	that each employee knows the role he has to	o +
	play.	
	(iv) It provides stability to the organization as	
	behaviour of employees can be fairly	1 x 2
	predicted since there are specific rules to	= 2 marks
	guide them.	
	Advantages of Informal Organisation (any	= 2+ 2+2
	two):	E S
	(i) Prescribed lines of communication are not	
	followed leading to <u>faster spread of</u>	matform
		14.00
	information as well as quick feedback.	6marks
	Gest Stud	
1	(ii) It helps to fulfill the social needs of the	



members and enhances their job

satisfaction.

(iii) It contributes towards fulfillment of

organisational objectives by

compensating for inadequacies in the

formal organisation.

(If an examinee has given only the headings,

1/2 mark for each heading should be

awardad)

OR

		awarded)	

33



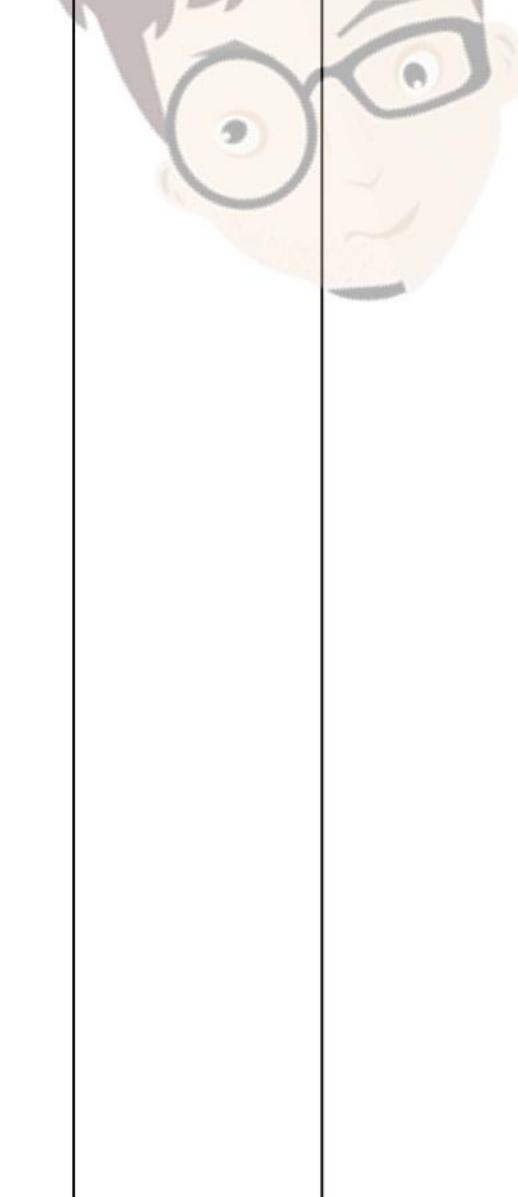
OR

'Good Looks Ltd.' are the manufacturers of

cosmetics. The company enjoyed a pre-

eminent position in the business and has

grown in size. Till recently the company had been doing good business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making blattorm process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India



Ltd.' as a consultant to suggest

improvements in the organisation's decisionmaking process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to the dynamic operating conditions. They

1 mark for identifying the concept +1 mark for the meaning +

Eo

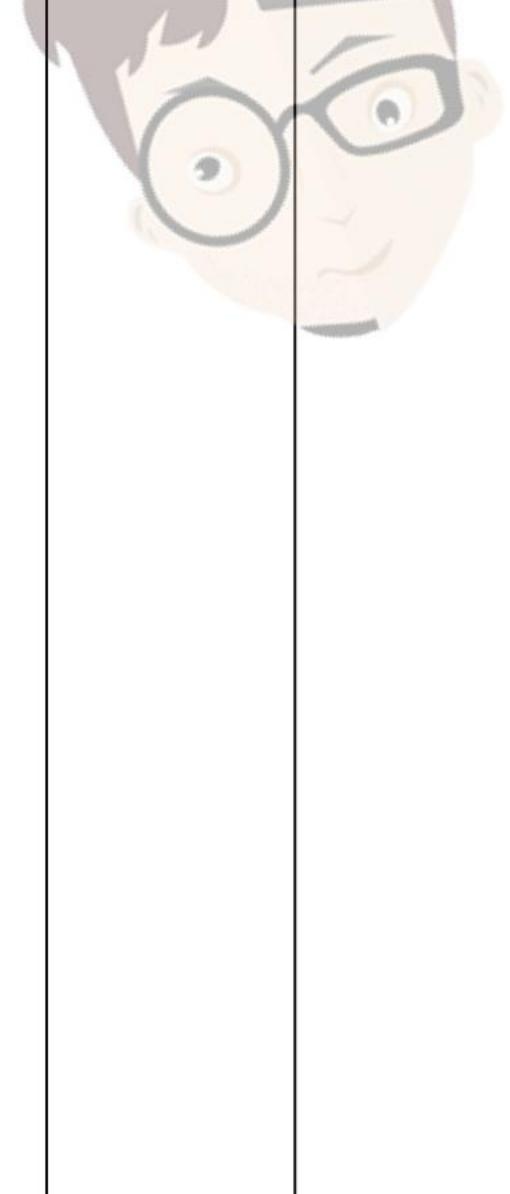
	stated that the philosophy of dispersal of	
	authority propagates the belief that people	(½ mark for
	are competent, capable and resourceful and	naming each

34



can assume the responsibility of effective	point of
implementation of their decisions.	importance
(a) Identify and give the meaning of the	+ ½ mark for
concept based on which 'Structures	its
Consultants India Ltd.' gave their	explanation=
recommendations to 'Good Looks Ltd.'.	1+1+(1 x 4)
(b) Explain any four points of importance of	= 6 marks

(b) Explain any four points of importance of the concept identified in (a) above Ans. (a)Decentralisation: It means delegation of authority throughout all the levels of the organization and is consequently placed nearest -blattorm to the points of action. (b) Importance of Decentralisation (any four): (i) Develops initiative among subordinates (ii) Develops managerial talent for the future



(iii) Quick decision making

(iv)Relief to top management

Facilitates growth (\mathbf{V})

(vi)Better control

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

-	 33	Explain the relationship of planning and	
		controlling.	

35

*These answers are meant to be used by evaluators



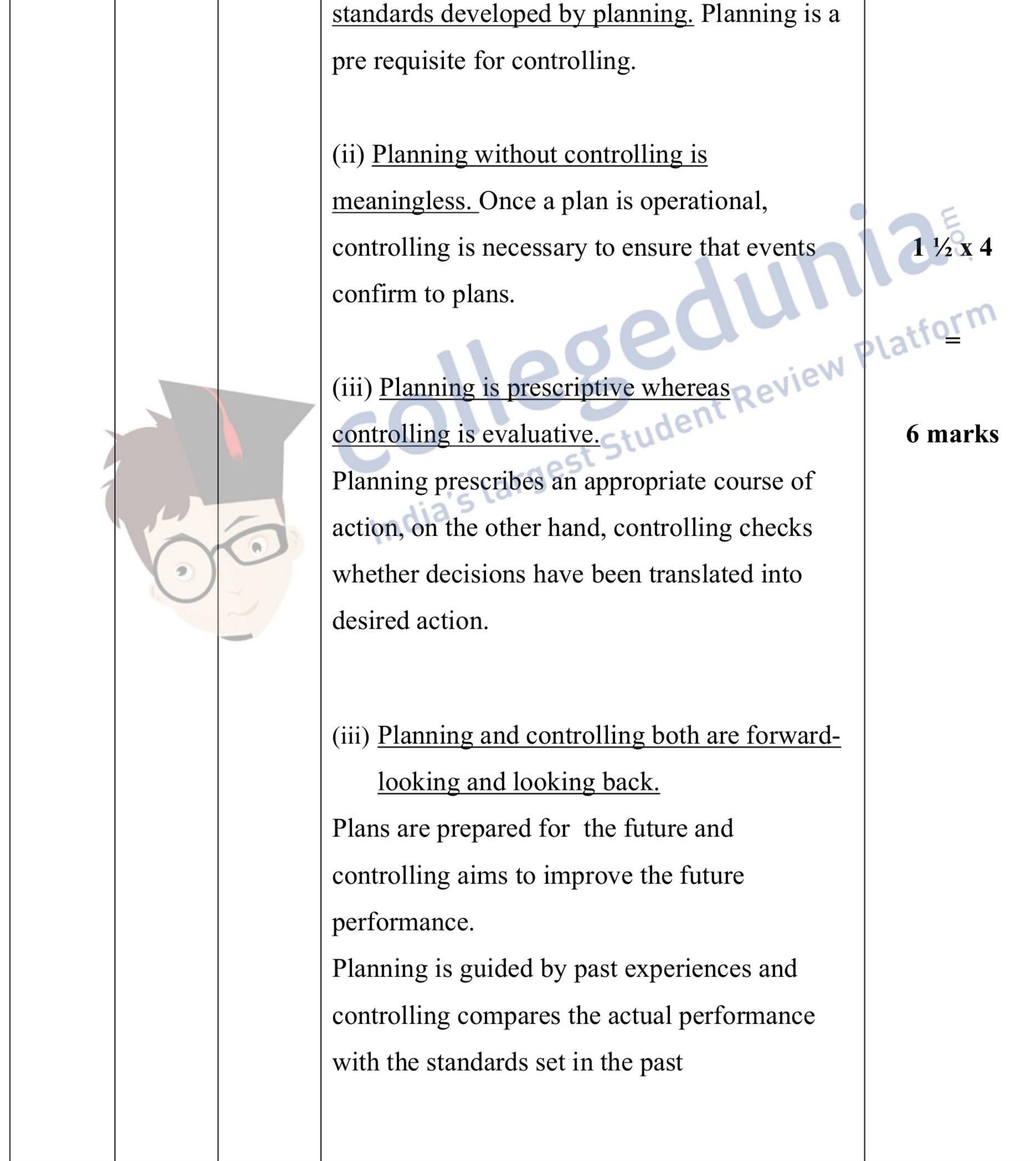
EO

Ans.

Planning and controlling are mutually

interrelated and interdependent activities.

(i) Controlling takes place on the basis of



36



(In case the candidate has not given the

relationship in the form of points but has

explained all the points in his answer, full

credit be given)



Q. Explain the steps involved in the process of selection after 'preliminary screening' and 'selection tests'.

OR

Ans. Steps involved in the process of selection

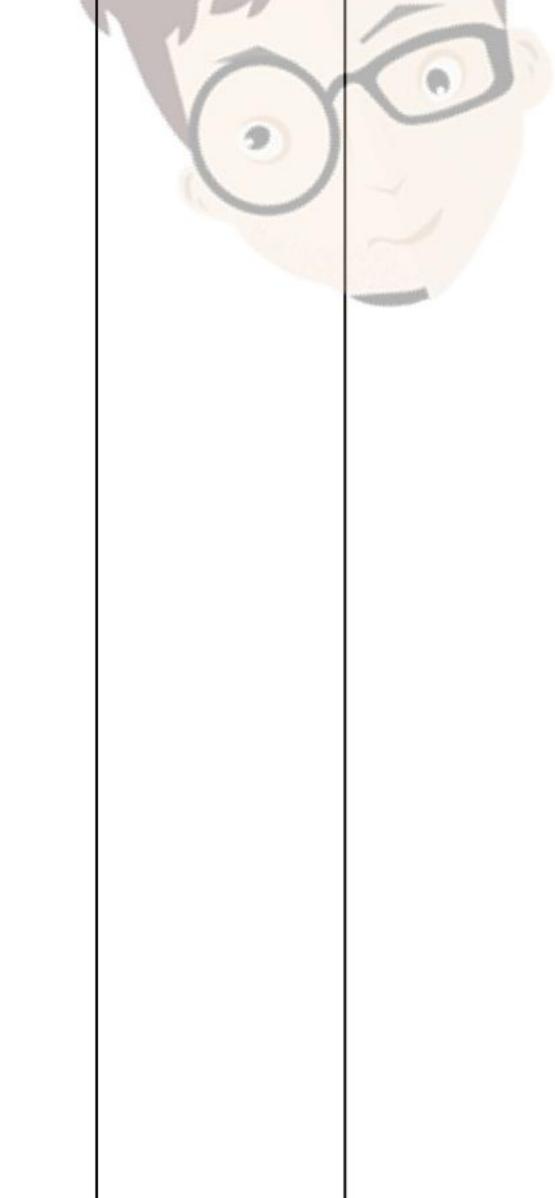
after 'preliminary screening' and 'selection dent

tests' are:

(i) Employment interview

¹/₂ mark for

Latforr



(ii) Reference and background checks

(iii) Selection decision

(iv) Medical Examination

(v) Job Offer

(vi) Contract of Employment

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

each heading +¹/₂ mark for its explanation $= 1 \times 6$ = 6 marks

			run ereure snoura be gren)	
-	-	34	Q. Arnav had a garments business	

37



specialising in jackets for all seasons.Though the jackets were available at an
affordable price, the business was not doing
well.Aman, his eldest son, suggested that they
should undertake aggressive selling and

promotional efforts to make customers buy

the products. He believed that customers

buy only when they are adequately

convinced and motivated for the same.

Aditya, his second son, believed that availability, low price and aggressive selling

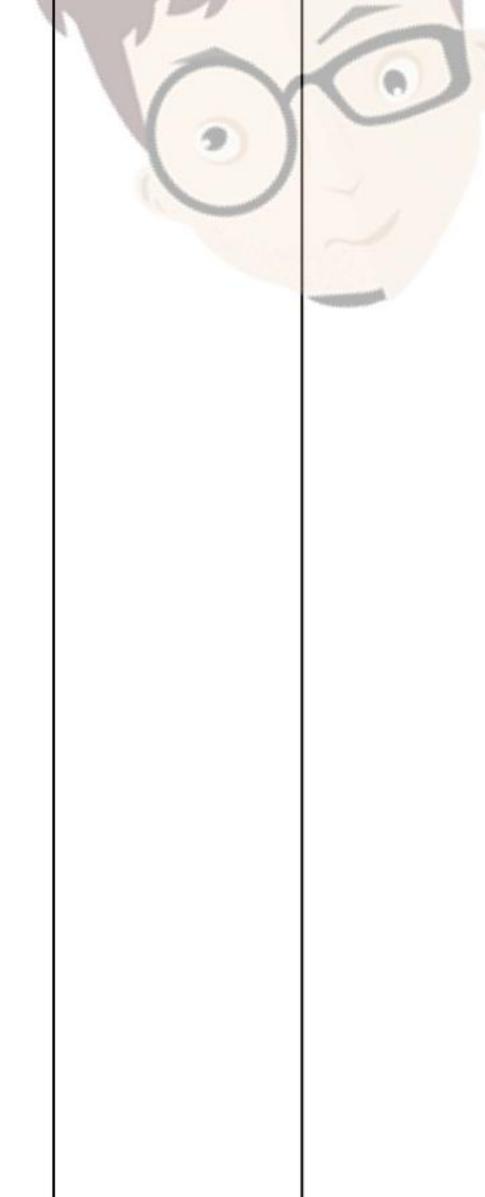
techniques cannot ensure increased sales. He

felt that customers looked for products

which were superior in quality and do not

mind paying a high price for it. So, he

decided to manufacture good quality jackets



at a separate production unit. He also opened a separate outlet on the first floor of the showroom for the same. Very soon, the business started flourishing. Identify and explain the marketing philosophies guiding the marketing efforts of Arnav, Aman and Aditya.

Ans. The marketing philosophies guiding the marketing efforts are:

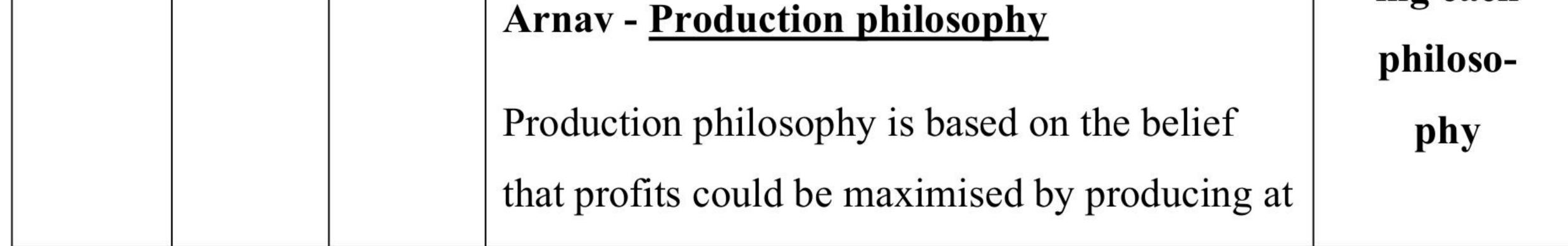
¹/₂ mark for

E

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identify-

ing each



38



large scale, thereby reducing the average cost	+
of production.	1 1/2
	marks
Availability and affordability of the product are	for its expla-
considered to be the key to success of a firm	nation
according to this concept.	—

Aman- Selling philosophy

Selling philosophy is based on the belief that

profits could be maximised by undertaking

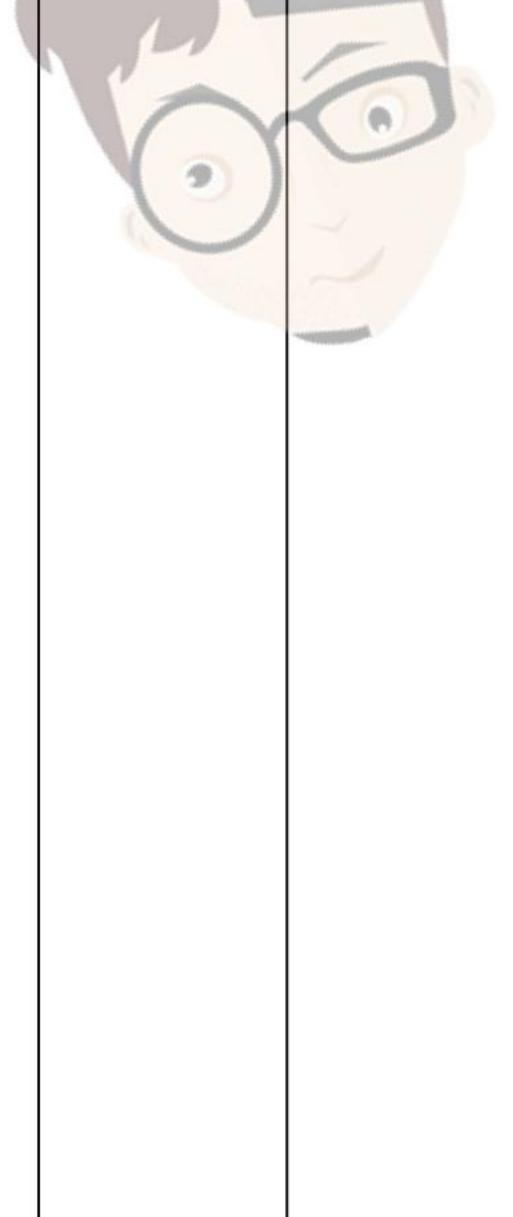
aggressive selling and promotional efforts with

a view to persuade, lure or coax the buyers to

buy the products.

It assumes that the customers would not buy or

buy enough unless they are adequately



convinced or motivated to do so.

Aditya- Product philosophy

Product philosophy is based on the belief that

product improvement is the key for profit

maximization for the success of a firm.

This concept emphasises on quality of the

product by bringing continuous improvements,

incorporating new features etc.

39

*These answers are meant to be used by evaluators



2 x 3

=

6 marks

platform

Zeview Y