

SET 2

			<b>MARKING SCHEME – 2016-17 BUSINESS STUDIES COMPTT. DELHI – 66/1/2 EXPECTED ANSWERS / VALUE POINTS</b>	<b>DISTRIBUTION OF MARKS</b>
66/1/1	66/1/2	66/1/3		
3	1	7	<p><b>Q. Beena, a student of management, likes to relate what she learnt in class to real life situations. She observed many situations while watching educational programmes on television that remind her of concepts of Scientific Management. In one such programme, factories manufacturing parts for products like automobiles, computers and mobile phones were being telecast. Name the technique of Scientific management that should be adhered to, while manufacturing parts for such products.</b></p> <p><b>Ans.</b> Standardisation and Simplification of work.</p>	<b>1 mark</b>
-	2	-	<p><b>Q. How do principles of management help managers in fulfilling social responsibility? State.</b></p> <p><b>Ans.</b> Principles of management help in fulfilling <u>social responsibility</u> by responding to the demands of the public.</p>	<b>1 mark</b>
1	3	5	<p><b>Q. On the introduction of Goods and Services Tax Act, experts in the field of business started analysing and forecasting its impact on various sectors and industries. Vivek, an established businessman, attended a few seminars and conferences organised by such experts to familiarize himself with this information. He wanted to use these forecasts to reduce the uncertainty in making decisions for the</b></p>	



			<p><b>future in his business.</b>  <b>Name the step in the planning process that is being discussed in the above paragraph.</b></p> <p><b>Ans.</b> Developing premises</p>	<b>1 mark</b>
-	4	-	<p><b>Q. Give the meaning of ‘Democratic style’ of Leadership.</b></p> <p><b>Ans.</b> Democratic style of leadership is one in which the leader develops action plans and makes decisions in consultation with his subordinates. He encourages subordinates to participate in decision making.</p>	<b>1 mark</b>
8	5	6	<p><b>Q. Avik is the finance manager of Mars Ltd. In the current year, the company earned high profit. However, Avik thinks that it is better to declare smaller dividend as he is unsure about the earning potential of the company in the coming years. Avik’s choice of dividend decision is based on which of the factor that affect it?</b></p> <p><b>Ans.</b> Stability of Dividend.</p>	<b>1 mark</b>
7	6	3	<p><b>Q. How does ‘level of competition’ affect the working capital requirement of an organisation? State.</b></p> <p><b>Ans.</b> <u>Level of competition</u> affects the working capital requirement of an organisation as higher competition requires larger stocks to meet urgent orders from customers which results into requirement of more working capital.</p>	<b>1 mark</b>
6	7	8	<p><b>Q. What is meant by a ‘Commercial Paper’?</b></p> <p><b>Ans.</b> It is a short term unsecured, negotiable promissory note with a fixed maturity period which is issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates.</p>	<b>1 mark</b>
5	8	1	<p><b>Q. Ravi, the Marketing Manager of Weaver Garments Ltd. does not allow the salesmen working under him to freely express their frank opinion and feelings regarding work related matters. Identify the organisational barrier to communication that has been created by Ravi.</b></p>	



			<b>Ans. Status.</b>	<b>1 mark</b>
<b>13</b>	<b>9</b>	<b>12</b>	<p><b>Q. Pinnacle Ltd deals in the sale of stationery and office furniture. They source the finished products from reputed brands who give them four to six months credit.</b></p> <p><b>Seeing the demand for electronic items, they are also planning to market these items by opening outlets throughout India. For this, they have decided to join hands with a Japanese electronic goods manufacturer.</b></p> <p><b>Identify and state any two factors that would affect the fixed capital requirement of Pinnacle Ltd. as discussed above.</b></p> <p><b>Ans.</b> Two factors that would affect the fixed capital requirement of Pinnacle Ltd. are:</p> <p>(i) <u>Diversification</u> It will increase the fixed capital requirements as the investment in fixed capital will increase.</p> <p>(ii) <u>Level of Collaboration</u> Collaboration reduces the level of investment in fixed assets.</p>	<p><math>\frac{1}{2}</math> mark for identifying each factor + 1 mark for its explanation = <math>1 \frac{1}{2} \times 2</math> = <b>3 marks</b></p>
<b>-</b>	<b>10</b>	<b>-</b>	<p><b>Q. State any three merits of internal sources of recruitment.</b></p> <p><b>Ans.</b> Merits of internal sources of recruitment: <b>(Any three)</b></p> <p>(a) <u>Employees</u> are motivated as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.</p> <p>(b) Internal sources <u>simplify the process of selection</u> as the candidates are already known to the organisation.</p> <p>(c) People recruited from within the organisation do <u>not need induction training</u> as the employees are already familiar with the organisation.</p> <p>(d) These sources help in <u>adjustment of surplus staff</u> in those departments where there is shortage of staff.</p> <p>(e) Filling of jobs internally is <u>economical as compared to external sources</u> of recruitment.</p> <p><b>(If an examinee has given only the headings, <math>\frac{1}{2}</math> mark</b></p>	<p><b>1 mark for each statement</b> = <b>1 x 3</b> = <b>3 marks</b></p>



			for each heading should be awarded)	
9	11	13	<p><b>Q. After completing her studies in product design, Sarita wishes to start her own business to design products to cater to the mobility and communication requirements of persons with special needs. She told her friend that she wanted to focus on supplying high quality products at affordable prices. The Unique Selling proposition (U.S.P) of the products would be sensitivity to the challenges and needs of the differently abled people. She wants to employ only differently abled persons in her factory and sales offices across the country. This decision of Sarita provides the base for interpreting her strategy. This also defines the broad parameters within which the company may recruit the persons. Sarita has also to decide about the exact manner and the chronological order of how the selection of the differently abled applicants will be done. In the above lines, Sarita is discussing about one of the functions of management. This function has several types. Identify and explain the types Sarita is discussing in the above lines.</b></p> <p><b>Ans.</b> Types of plans Sarita is discussing in the above lines are:</p> <p>(a) <u>Policy</u> Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.</p> <p>(b) <u>Procedure</u> It consists of sequence of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed.</p>	<p><b>½ mark for identifying each plan</b> + <b>1 mark for its explanation</b> = <b>1 ½ x 2</b> = <b>3 marks</b></p>
11	12	9	<p><b>Q. Describe briefly the following methods of training: (i) Apprenticeship Training; and (ii) Internship Training.</b></p> <p><b>Ans. (i) Apprenticeship Training</b></p> <ul style="list-style-type: none"> <li>▪ Apprenticeship Training is a method of training in which the trainee is kept under <u>guidance of a master worker</u> for a prescribed period of time to acquire a higher level of skill</li> </ul>	<p><b>1 ½ marks</b></p>



			<ul style="list-style-type: none"> <li>People who want to enter <u>skilled trades</u> e.g. plumbers &amp; electricians are often required to undergo such programme.</li> </ul> <p>(ii) <u>Internship Training</u></p> <ul style="list-style-type: none"> <li>Internship Training is a joint programme of training <u>between educational institutions and business firms.</u></li> <li>Besides carrying out regular studies, the trainees also <u>work in some factory or office</u> to acquire practical knowledge and skills.</li> </ul>	<p>+</p> <p><b>1 ½ marks</b></p> <p>=</p> <p><b>3 marks</b></p>												
12	13	11	<p><b>Q. Differentiate between Capital Market and Money market on the basis of:</b></p> <p><b>(i) Investment Outlay, (ii) Safety and (iii) Liquidity.</b></p> <p><b>Ans.</b> <u>Difference between Capital Market and Money Market:</u></p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Capital Market</th> <th>Money Market</th> </tr> </thead> <tbody> <tr> <td>(i) Investment outlay</td> <td>Investment outlay is small.</td> <td>Investment outlay is large.</td> </tr> <tr> <td>(ii) Safety</td> <td>Capital market instruments are riskier both with respect to returns and principal repayment.</td> <td>Money market instruments are generally much safer with a minimum risk of default.</td> </tr> <tr> <td>(iii) Liquidity</td> <td>Capital market securities are comparatively less liquid.</td> <td>Money market securities are comparatively more liquid.</td> </tr> </tbody> </table>	Basis	Capital Market	Money Market	(i) Investment outlay	Investment outlay is small.	Investment outlay is large.	(ii) Safety	Capital market instruments are riskier both with respect to returns and principal repayment.	Money market instruments are generally much safer with a minimum risk of default.	(iii) Liquidity	Capital market securities are comparatively less liquid.	Money market securities are comparatively more liquid.	<p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p>
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19	14	18	<p><b>Q. Sindhu Ayurved Ltd, a new and leading manufacturer of herbal and ayurvedic medicines and grocery products has captured a large share of the market in a short span of time. The Research and Development (R&amp;D) department of the company spends considerable time and effort in developing eco-friendly, chemical free and healthy alternatives for a variety of products of daily use, like toothpaste, biscuits, noodles, soaps, shampoos and detergents etc. Their business orientation differs from competitors who are short sighted and serve only consumer's needs. Instead Sindhu Ayurved Ltd. considers larger</b></p>													



		<p>issues of long term social welfare, paying attention to social, ethical and ecological aspects of marketing.</p> <p><b>(i) Identify and explain the marketing management philosophy adopted by Sindhu Ayurved Ltd.</b></p> <p><b>(ii) State any two values that are being promoted by the company.</b></p> <p><b>Ans.(i) Societal marketing philosophy</b></p> <ul style="list-style-type: none"> <li>▪ It holds that the task of any organisation is to <u>identify the needs and wants of the target market</u> and deliver the desired satisfaction in an effective and efficient manner so that the <u>long-term well-being of the consumers and the society is taken care of.</u></li> <li>▪ It is the <u>extension of the marketing concept</u> as it supplements the concern for the long-term welfare of the society.</li> </ul> <p><b>(ii) Values that are being promoted by the company are:(Any two)</b></p> <p>(a) Fulfilling social responsibility/ Concern for the society</p> <p>(b) Concern for health</p> <p>(c) Sensitivity towards the environment.</p> <p style="text-align: center;"><b>(or any other correct value)</b></p>	<p><b>½ mark for identifying</b></p> <p><b>+</b></p> <p><b>1½ mark for its explanation</b></p> <p><b>=</b></p> <p><b>2 marks</b></p> <p><b>+</b></p> <p><b>1 mark for each value</b></p> <p><b>=</b></p> <p><b>1 x 2</b></p> <p><b>=</b></p> <p><b>2 marks</b></p> <p><b>=</b></p> <p><b>2+2</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>	
-	15	-	<p><b>Q. State any four features of informal organisation.</b></p> <p><b>Ans. Features of Informal Organisation are: (any four)</b></p> <p>(i) It <u>originates from within the formal organisation.</u></p> <p>(ii) It <u>emerges spontaneously</u> and is not deliberately created by the management.</p> <p>(iii) The standards of behaviour evolve from <u>group norms.</u></p> <p>(iv) <u>Independent channels of communication</u> are developed by group members.</p> <p>(v) It has <u>no definite structure</u> or form.</p> <p><b>(If an examinee has given only the headings , ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b></p> <p><b>=</b></p> <p><b>1 x 4</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>
-	16	-	<p><b>Q. Explain any four points of importance of</b></p>	



			<p><b>controlling.</b></p> <p><b>Ans.Importance of controlling (Any four):</b>          (i) Accomplishing organisational goals.          (ii) Making efficient use of resources.          (iii) Ensuring order and discipline.          (iv) Improving employee motivation.          (v) Judging accuracy of standards.          (vi) Facilitating co-ordination in action.</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 the heading</b>          +  <b>½ mark for each correct explanation</b>          =  <b>1 x 4</b>          =  <b>4 marks</b></p>
18	17	19	<p><b>Q. Mr. Murthy is the Human Resource Manager of Jai Hind Hospital in Vellore. He has to appoint nurses for the hospital. Since patients in the hospital are of different types, he wants to find out the candidates' maturity and emotions in dealing with the patients. He also wants to know about the candidates' ability to make decisions. Explain two types of tests that Mr. Murthy can use to meet his requirements.</b></p> <p><b>Ans.</b> Two types of tests that Mr Murthy can use to meet his requirements are:</p> <p>(i) <u>Personality Test</u>          It provides clues to a person's emotions, reactions, maturity, value systems etc. They probe the overall personality and are difficult to design and implement.</p> <p>(ii) <u>Intelligence Test</u>          It measures the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgments.</p>	<p><b>½ mark for naming the test</b>          +  <b>1½ mark for its explanation</b>          =  <b>2 + 2</b>          =  <b>4 marks</b></p>
17	18	14	<p><b>Q. Sadaf is the Chief Executive Officer of a reputed company. She introduced appropriate skill development programmes and a sound promotion policy for the employees of her company. To motivate and retain the best talent in the company, she designed the jobs of the managers to include greater variety of work content. Identify and explain the two incentives introduced by Sadaf to motivate the</b></p>	



			<p><b>employees of her company.</b></p> <p><b>Ans.</b> The two incentives used by Sadaf to motivate the employees of her company are:  (i) <u>Career Advancement Opportunity</u>  It means providing an opportunity to employees to improve their skills to be promoted to higher level of jobs. Appropriate skill development programmes and sound promotion policy provide career advancement opportunity to the employees.</p> <p>(ii) <u>Job Enrichment</u>  It is concerned with designing jobs that include greater variety of work content and provide the opportunity for personal growth and a meaningful work experience.</p>	<p><math>\frac{1}{2}</math> mark for identifying</p> <p>+</p> <p><math>1\frac{1}{2}</math> mark for its explanation</p> <p>=</p> <p><math>2 + 2</math></p> <p>=</p> <p><b>4 marks</b></p>
14	19	17	<p><b>Q. Hema is one of the most successful managers of her company, 'Kobe Ltd'. She uses her creativity and initiative in handling challenging situations at work. The knowledge gained by her during her student days at a renowned management institute as well as through her observation and experience over the years is applied by Hema in a skillful manner in the context of the realities of a given situation. She often reads books and other literature in various fields of management to keep her knowledge updated.</b></p> <p><b>(i) An aspect of the nature of management is being highlighted in the above description. Identify the aspect.</b></p> <p><b>(ii) Explain any three features of the aspect identified in part (i).</b></p> <p><b>Ans.</b> (i) Management as an art.</p> <p>(ii) <u>Three features that establish it as an art are:</u>  (a) <u>Existence of theoretical knowledge.</u>  As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.  (b) <u>Personalised application</u>  Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner. This gives rise to different styles of management.  (c) <u>Based on practice and creativity</u>  Management satisfies this criteria as a manager gains</p>	<p><b>1 mark for identification</b></p> <p>+</p> <p><b><math>\frac{1}{2}</math> mark for each heading</b></p> <p>+</p> <p><b><math>\frac{1}{2}</math> mark for its explanation</b></p> <p>=</p> <p><b><math>1 \times 3</math></b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p>





			experience through regular practice and becomes more effective.	$1+3$ $=$ <b>4 marks</b>
-	20	-	<b>Q. Explain any five points of importance of Business environment.</b> <b>Ans.</b> Importance of business environment ( <b>Any five</b> ): (i) Identify opportunities and get the first mover advantage. (ii) Identify threats and early warning signals. (iii) Tap useful resources. (iv) Cope with rapid changes. (v) Assist in planning and policy formulation. (vi) Improve performance.  <b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b>	$\frac{1}{2}$ mark for each heading $+$ $\frac{1}{2}$ mark for its explanation $=$ $1 \times 5$ $=$ <b>5 marks</b>
22	21	22	<b>Q. Shyam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. Identify the different levels of packaging of the pain relieving medicine, when it was purchased by Shyam. Also state the functions of packaging.</b>  <b>Ans.</b> Different levels of packaging of the pain relieving medicine are: Ointment tube: Primary packaging Cardboard box: Secondary packaging  <b>(If an examinee has not specified 'ointment tube' as the primary package and 'cardboard box' as the secondary package <math>\frac{1}{2}</math> mark per identification may be deducted)</b>  <b>Functions of packaging: (Any three)</b> (i) It helps in <u>product identification</u> . (ii) It helps in <u>protection</u> of the product from spoilage, breakage, leakage damage etc. (iii) It <u>facilitates use</u> of the product to the consumers through appropriate sizes and shapes. (iv) It helps in <u>promotion</u> of the product as a good package attracts the attention of the people at the time of purchase.  <b>(If an examinee has given only the headings, <math>\frac{1}{2}</math> mark</b>	<b>1 mark for identifying each level</b> $=$ $1 + 1$ $=$ <b>2 marks</b> $+$  <b>1 mark for each statement</b>  $=$ $1 \times 3$ $=$ <b>3 marks</b> $=$ $2+3$ $=$ <b>5 marks</b>

			for each heading should be awarded.)	
21	22	21	<p><b>Q. Apaar Foundation is a Non Governmental Organization (NGO) working to improve the lives of children with medical needs, the homeless and victims of natural disasters. Apart from donations in cash, they collect dry ration, old clothes, shoes, toys, books and medicines from donors. At Apaar Foundation's office in Bhopal the material collected is segregated, classified and put in shelves and boxes that are labelled systematically. There is a specific place for each of these items and volunteers put everything at their respective places.</b></p> <p><b>The volunteer work is divided into specific jobs like fund raising, field visits, social media updates and so on. Each volunteer is part of a particular team, depending on their competency and training. Each volunteer becomes specialized in their respective field, leading to efficient utilization of human effort.</b></p> <p><b>(i) Identify and explain two principles of management adopted by Apaar Foundation.</b></p> <p><b>(ii) State two values that Apaar Foundation is displaying and promoting in society through their work.</b></p> <p><b>Ans. (i) Principles of management adopted by Apaar Foundation are:</b></p> <p><b>(a) Order</b> The principle of Order states that people and materials must be in suitable places at appropriate time for maximum efficiency i.e. there should be a place for everything and everyone in an organization and that person or thing should be found in its allotted place. This will lead to increased productivity and efficiency.</p> <p><b>(b) Division of work</b> The principle of Division of work states that work is divided into small tasks/ jobs. A trained specialist who is competent is required to perform each job. Thus, division of work leads to specialisation.</p> <p><b>(ii) Values that Apaar Foundation is displaying and promoting in society through their work are: (Any two)</b></p> <p><b>(a) Concern for the society.</b></p> <p><b>(b) Optimum utilization of resources.</b></p> <p><b>(c) Sensitivity towards the environment.</b></p>	<p><b>½ mark for identifying each principle</b> + <b>1 mark for its explanation</b> = <b>1 ½ x 2</b> = <b>3marks</b> + <b>1 mark for each value</b> = <b>1 x 2</b> = <b>2 marks</b> = <b>3 + 2</b> = <b>5 marks</b></p>



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-	23	-	<p><b>Q. Differentiate between ‘functional’ and ‘divisional’ structure of organisation on any six basis.</b>  <b>Ans. Difference between ‘Functional’ and ‘Divisional’ structure: (Any six)</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Basis</th> <th style="width: 40%;">Functional Structure</th> <th style="width: 40%;">Divisional Structure</th> </tr> </thead> <tbody> <tr> <td>(i) Meaning</td> <td>Functional structure is an organisational structure formed by grouping of jobs of similar nature under various functional departments.</td> <td>Divisional structure is an organisation structure comprising of separate business units or divisions.</td> </tr> <tr> <td>(ii) Formation</td> <td>It is based on Functions</td> <td>It is based upon product lines and is supported by functions</td> </tr> <tr> <td>(iii) Specialisation</td> <td>It involves functional specialisation.</td> <td>It involves product specialisation.</td> </tr> <tr> <td>(iv) Responsibility</td> <td>It is difficult to fix responsibility on any one department.</td> <td>It is easy to fix responsibility for performance.</td> </tr> <tr> <td>(v) Managerial Development</td> <td>Managerial development is difficult, as each functional manager has to report to manager</td> <td>Managerial development is easier because a divisional manager has the autonomy as well as the chance to perform multiple functions.</td> </tr> <tr> <td>(vi) Cost Involved</td> <td>It is economical as the functions are not duplicated.</td> <td>It is costly as there is duplication of resources in various departments.</td> </tr> <tr> <td>(vii) Coordination</td> <td>Coordination is difficult for a multi product company</td> <td>Coordination is easy because all functions related to a particular</td> </tr> </tbody> </table>			Basis	Functional Structure	Divisional Structure	(i) Meaning	Functional structure is an organisational structure formed by grouping of jobs of similar nature under various functional departments.	Divisional structure is an organisation structure comprising of separate business units or divisions.	(ii) Formation	It is based on Functions	It is based upon product lines and is supported by functions	(iii) Specialisation	It involves functional specialisation.	It involves product specialisation.	(iv) Responsibility	It is difficult to fix responsibility on any one department.	It is easy to fix responsibility for performance.	(v) Managerial Development	Managerial development is difficult, as each functional manager has to report to manager	Managerial development is easier because a divisional manager has the autonomy as well as the chance to perform multiple functions.	(vi) Cost Involved	It is economical as the functions are not duplicated.	It is costly as there is duplication of resources in various departments.	(vii) Coordination	Coordination is difficult for a multi product company	Coordination is easy because all functions related to a particular	<p><b>1 x 6</b> =</p> <p><b>6 marks</b></p>
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				product are integrated in one department.	
25	24	25	<p><b>Q. State any two reliefs that the Consumer court can grant to consumers in case of genuine complaints in each of the following situations:</b></p> <p><b>(i) Divya was charged more than the printed maximum retail price (MRP) for a bottle of water.</b></p> <p><b>(ii) Clara was sold a car with a defective engine.</b></p> <p><b>(iii) Antony suffered injury while using newly bought defective electric heater.</b></p> <p><b>Ans. (i) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To <u>refund the price paid</u>.</p> <p>(b) To <u>pay punitive damages</u>.</p> <p>(c) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future.</p> <p>(d) To <u>pay any amount</u> (not less than 5% of the value of the bottle of water) to be credited to the <u>Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(e) To <u>pay adequate costs</u> to the appropriate party.</p> <p><b>(ii) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To <u>remove the defect</u> in engine.</p> <p>(b) To <u>replace the defective engine</u> with a new one, free from any defect.</p> <p>(c) To <u>refund the price paid</u>.</p> <p>(d) To <u>pay punitive damages</u>.</p> <p>(e) To <u>pay any amount</u> (not less than 5% of the value of the defective engine) to be credited to the <u>Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(f) To <u>pay adequate costs</u> to the appropriate party.</p> <p><b>(iii) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To <u>remove the defect</u> in electrical heater.</p> <p>(b) To <u>replace the defective electrical heater</u> with a new one, free from any defect.</p> <p>(c) To <u>refund the price paid</u>.</p> <p>(d) To <u>pay a reasonable amount of compensation</u> for any loss or injury suffered by the consumer due to negligence of the opposite party.</p>		<p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p> <p>+</p> <p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p> <p>+</p> <p><b>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p> <p>=</p> <p><b>2+2+2</b></p>



		<p>(e) To pay punitive damages.</p> <p>(f) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future.</p> <p>(g) <u>Not to offer hazardous goods</u> like defective electrical heater for sale.</p> <p>(h) To <u>withdraw hazardous goods</u> like defective electrical heater from sale.</p> <p>(i) To <u>cease manufacture of hazardous goods</u> like defective electrical heater.</p> <p>(j) To <u>pay any amount</u> (not less than 5% of the value of the defective goods) to be credited <u>to the Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(k) To <u>pay adequate costs</u> to the appropriate party.</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>6 marks</b></p>	
24	25	24	<p><b>Q. Sudha is an enterprising business woman who has been running a poultry farm for the past ten years. She has saved ₹ Four Lakhs from her business. She shared with her family her desire to utilize this money to expand her business. Her family members gave her different suggestions like buying new machinery to replace the existing one, acquiring altogether new equipments with latest technology, opening a new branch of the poultry farm in another city and so on.</b></p> <p><b>Since these decisions are crucial for her business, involve a huge amount of money and are irreversible except at a huge cost, Sudha wants to analyze all aspects of the decisions, before taking any final decision.</b></p> <p><b>(i) Identify and explain the financial decision to be taken by Sudha.</b></p> <p><b>(ii) Also, explain briefly the factors that will affect this decision.</b></p> <p><b>Ans. (i)</b> Investment decision/ Capital budgeting decision</p> <p><u>Investment/ Capital budgeting decision</u> involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors.</p>	<p>½ mark for identifying + 1 mark for its explanation = 1 ½ marks + ½ mark for naming the factor + 1 marks for each explanation = 1 ½ x 3 = 4 ½ =</p>



		<p>(ii) <u>Factors that affect capital budgeting decision are:</u></p> <p>(a) Cash flows of the project  (b) Rate of return of the project.  (c) Investment criteria.</p> <p><b>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</b></p> <p><b>(If an examinee has only given the headings, ½ mark may be awarded for each correct point)</b></p>	<p><b>1 ½ + 4 ½</b>  <b>=</b>  <b>6 marks</b></p>
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