

Q. SET No			MARKING SCHEME-2014-15 BUSINESS STUDIES DELHI (Comptt) -66/1/1 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1/1	66/1/2	66/1/3		
1	3	8	<p><b>Q. What is meant by 'efficiency' in management?</b></p> <p><b>Ans.</b> Efficiency means doing the task correctly and with minimum cost.</p> <p><b>(or any other correct meaning)</b></p>	1 mark
2	-	7	<p><b>Q. How does co-ordination integrates group efforts? State.</b></p> <p><b>Ans.</b> Co-ordination integrates group efforts by <u>unifying diverse interests</u> thereby giving them a <u>common focus</u> to ensure that the performance is according to the plans.</p>	1 mark
3	1	6	<p><b>Q. Give the meaning of 'Method' as a type of plan.</b></p> <p><b>Ans.</b> Method is the prescribed way or manner in which a task has to be performed.</p>	1 mark
4	6	5	<p><b>Q. To make the annual function of the school successful the principal of the school divided all the activities into task groups each dealing with a specific area like rehearsals, decoration, stage management, refreshments etc. Each group was placed under the overall supervision of a senior teacher. Identify the function of management performed by the Principal in doing so.</b></p> <p><b>Ans.</b> Organising</p>	1 mark
5	-	4	<p><b>Q. Besides the investment decision the finance function is concerned with two other broad decisions. Name these decisions.</b></p> <p><b>Ans.</b> Two other broad decisions are: (i) Financing decision (ii) Dividend decision</p>	$\frac{1}{2} \times 2 =$ 1 mark
6	4	3	<p><b>Q. A textile company is diversifying and starting a steel manufacturing plant. State with reason the effect of diversification on the fixed capital requirements of the company.</b></p> <p><b>Ans.</b> With diversification, the fixed capital requirements will increase as the investment in fixed capital will increase.</p>	1 mark
7	8	2	<p><b>Q. A TV manufacturing company is spending substantial amount of money to persuade the target customers to buy its T.V. sets through advertisements, personal selling and sales promotion techniques. Identify the element of marketing mix referred here.</b></p>	1 mark





			<b>Ans.</b> Promotion/ promotion mix.	
8	7	1	<p><b>Q. On the eve of Diwali Ravi purchased two kilograms of sweets from Nandan Sweets. On consumption of sweets his wife fell sick and was to be hospitalized. Ravi wanted to file a case in the consumer forum but could not do so because he did not have any proof of buying the sweets from Nandan sweets. Name the document that Ravi could have obtained for filing the complaint in the consumer forum.</b></p> <p><b>Ans.</b> Cash memo.</p>	1 mark
9	-	-	<p><b>Q. State any three advantages of formal organization.</b></p> <p><b>Ans.</b> Advantages of Formal organisation: <b>(any three)</b></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>1 mark for each statement</b></p> <p>=</p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p>
10	-	13	<p><b>Q. There are some characteristics that should be kept in mind while choosing a brandname. Explain any two such characteristics that a good brand name should have.</b></p> <p><b>Ans.</b> Characteristics that should be kept in mind while choosing a good brand name: <b>(Any two)</b></p> <p>(i) Short and easy to pronounce,</p> <p>(ii) Suggestive</p> <p>(iii) Distinctive.</p> <p>(iv) Adaptable to packaging and labelling requirements.</p> <p>(v) Versatile</p> <p>(vi) Capable of being registered and protected legally.</p> <p>(vii) Staying power.</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>½ mark for the heading</p> <p>+</p> <p><b>1 mark for each explanation</b></p> <p>=</p> <p><b>1 ½ x 2</b></p> <p>=</p> <p><b>3 marks</b></p>
11	-	12	<p><b>Q. Name and define the process that helps in finding possible candidates for a job or a function</b></p>	<p><b>1 mark for identification</b></p> <p>+</p>





			<p><b>Ans.</b> Recruitment.</p> <p><u>Recruitment</u> may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.</p>	<p><b>2 marks for definition</b> = <b>1+2</b> = <b>3 marks</b></p>
12	13	11	<p><b>Q. 'Efficient functioning of stock exchange creates a conducive climate for active and growing primary market for new issues as well as for an active and healthy secondary market.' In the light of this statement state any three functions of a stock exchange.</b></p> <p><b>Ans.</b> <u>Functions of Stock Exchange</u> are: <b>(Any three)</b></p> <p>(a) It provides liquidity and marketability to existing securities.  (b) It determines the price of securities by forces of demand and supply.  (c) It ensures safety of transactions as the transactions carried out within an existing legal framework.  (d) It contributes to economic growth as it indirectly promotes capital formation.  (e) It spreads equity cult and ensuring wider share ownership.  (f) It provides scope for speculation within the provisions of law.</p> <p><b>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b> = <b>1 x 3</b> = <b>3 marks</b></p>
13	12	10	<p><b>Q. Neha was a regional sales manager in 'Good Look Garments Ltd' for ten years. On the retirement of the marketing manager Neha applied for the same post as she was extremely ambitious and had dedicated all her energies to obtain the post of marketing manager. However, the top management of the company decided to fill this post by selecting a better person from outside the company. Because of this Neha was heart-broken and her performance declined. When the new marketing manager joined, one of her major problems was how to motivate and inspire Neha to her former level of performance? Suggest any three non-financial incentives that the new marketing manager may use to motivate Neha.</b></p> <p><b>Ans.</b> The non-financial incentives that the new marketing manager may use to motivate Neha are: <b>(Any three)</b></p> <p>(i) <u>Job enrichment</u> which is concerned with designing jobs that include a greater variety of work content, require higher level of knowledge and skill, give more autonomy and opportunity for personal growth.  (ii) <u>Employee recognition</u> which means acknowledgement with a show of appreciation.  (iii) <u>Employee participation</u> which means involving employees in</p>	<p><b>½ mark for suggesting the incentive</b> + <b>½ mark for stating the incentive</b> <b>=1 x 3</b> <b>=3marks</b></p>





			<p>decision making of issues related to them.</p> <p>(iv) <u>Employee empowerment</u> which means giving more autonomy and powers to subordinates.</p> <p>(v) <u>Job security</u> which refers to providing stability to the employees about future income and work so that they do not feel worried on these aspects and work with greater zeal.</p> <p><b>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</b></p>	
14	19	17	<p><b>Q. Explain how does the understanding of business environment help the management in the following:</b></p> <p><b>(a) tapping useful resources ; and</b></p> <p><b>(b) coping with rapid changes.</b></p> <p><b>Ans.</b></p> <p>(a) Understanding of business environment helps in tapping useful resources by designing the policies that allow it to get the resources it needs so that it can convert those resources into outputs that the environment desires.</p> <p>(b) Understanding of business environment helps in coping with rapid changes by developing suitable courses of action to deal with changes taking place in the environment as well as the pace of change.</p>	<p><b>2 marks</b></p> <p>+</p> <p><b>2 marks</b></p> <p>=</p> <p><b>4 marks</b></p>
15	18	16	<p><b>Q. An environmental conscious multinational company "AXN Ltd." follows certain well defined business principles that result to minimize the employee turnover. Following are some of the important environmental factors followed by 'AXN Ltd.'</b></p> <p><b>(1) Honour the law of every country in which it operates.</b></p> <p><b>(2) Respect the culture and customs of all nations.</b></p> <p><b>(3) Provide clean and safe products to enhance the quality of life throughout the world.</b></p> <p><b>(4) Develop a culture in the company that enhances individual creativity and teamwork while honouring mutual trust and respect between management and labour.</b></p> <p><b>From the above:</b></p> <p><b>(i) Identify and state any one general principle of management and any one dimension of business environment.</b></p> <p><b>(ii) Also identify any two values which the above guiding principles and environmental factors are conveying to the society.</b></p> <p><b>Ans. (i) Principle of management: (Any one)</b></p> <p>(a) Stability of personnel</p> <p>(b) Esprit de corps</p> <p>(c) Initiative</p> <p><b>Dimension of business environment: (Any one)</b></p> <p>(a) Legal environment.</p> <p>(b) Social environment.</p>	<p>½ mark for identifying the principle</p> <p>+</p> <p>½ mark for the statement</p> <p>= ½ + ½</p> <p>= 1 mark</p> <p>+</p> <p>½ mark for identifying the dimension</p> <p>+</p> <p>½ mark for the statement</p> <p>= ½ + ½</p> <p>= 1 mark</p> <p>+</p>





			<p>(ii) <u>Values being conveyed: (Any two)</u></p> <p>(a) Respect for law  (b) Cleanliness and hygiene  (c) Raising standard of living  (d) Secularism</p> <p><b>(Or any other correct value)</b></p>	<p><b>1 mark for each value</b>  =1 x 2  =2 marks</p> <p><b>= 1+1+2</b>  <b>=4 marks</b></p>
16	17	15	<p><b>Q. It is deciding in advance what to do and how to do. It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge the gap between where we are and where we want to go and is performed at all levels of management.</b></p> <p><b>In spite of this the function of management referred above has a number of limitations. Explain any two such limitations.</b></p> <p><b>Ans. <u>Limitations of planning are: (Any two)</u></b></p> <p>(i) Planning leads to rigidity.  (ii) Planning may not work in a dynamic environment.  (iii) Planning reduces creativity.  (iv) Planning involves huge costs.  (v) Planning is a time consuming process.  (vi) Planning does not guarantee success.</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><math>\frac{1}{2}</math> mark for the heading  +  1½ mark for its explanation  =  2 x 2  =  <b>4 marks</b></p>
17	16	14	<p><b>Q. Mr. Naresh recently completed his M.B.A. from one of the Indian Institutes of Management in Human Resource Management. He has been appointed as Human Resource Manager in a Truck Manufacturing Company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Mr. Naresh has been given the complete charge of the company's Human Resource Department.</b></p> <p><b>List out the specialized activities that Mr. Naresh is supposed to perform as the Human Resource Manager of the company.</b></p> <p><b>Ans. <u>Specialized activities that Mr Naresh is supposed to perform as a human resource manager are: (Any eight)</u></b></p> <p>(i) Analysing jobs.  (ii) Recruitment  (iii) Selection.  (iv) Placement and orientation.  (v) Training and development of employees.</p>	<p><math>\frac{1}{2} \times 8</math>  =  <b>4 marks</b></p>





			<p>(vi) Performance Appraisal.  (vii) Developing compensation and incentive plans.  (viii) Maintaining labour relations and union management relations.  (ix) Handling grievances and complaints.  (x) Providing for social security and welfare of employees.  (xi) Defending the company in law suits and avoiding legal complications.</p>	
18	15	-	<p><b>Q. State any four factors which affects the requirements of working capital requirements of a company.</b></p> <p><b>Ans.</b> <u>Factors which affect the requirements of working capital are:</u>  (Any four)</p> <p>(a) <u>Nature of business</u> as trading organisation requires smaller amounts of working capital than manufacturing organisations as there is no processing. Service industries require less working capital as they do not have to maintain inventory.  (b) <u>Scale of operations</u> as firms operating on a higher scale require more working capital as their quantum of inventory and debtors is generally high.  (c) <u>Business cycle</u> as in case of boom, larger working capital is required as the sales and production are more.  (d) <u>Seasonal factors</u> as peak season requires higher working capital than lean season due to higher level of activity.  (e) <u>Production Cycle</u> as working capital requirement is higher in firms with longer processing cycle.  (f) <u>Credit allowed</u> to customers results in higher amount of debtors, increasing the working capital requirement.  (g) <u>Credit availed</u> from suppliers reduces the working capital requirement.  (h) <u>Operating efficiency</u> as firms managing their raw materials efficiently require lesser working capital.  (i) <u>Free and continuous availability of raw materials</u> enables the firms to keep lesser stock and hence work with smaller working capital.  (j) <u>Higher Growth prospects</u> will require larger amounts of working capital so that the firm is able to meet higher production and sales targets  (k) <u>Level of competition</u> as higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital.  (l) <u>Inflation</u> increases the working capital requirements as larger amount of money is required to maintain a constant volume of production and sales.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 mark for each statement</b>  =  <b>1 x 4</b>  =  <b>4 marks</b></p>
19	14	19	<p><b>Q. Your company has setup a food processing unit in Kashmir with a production capacity of 10,000 litres of apple juice per day. The company plans to market the apple juice in tetra pack of 100</b></p>	





		<p><b>militres. Design a label for the same.</b></p> <p><b>Ans.</b> The following information is to be <u>PROVIDED ON THE LABEL IN ANY FORM(Any four):</u></p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Name of the product/ Appice  Name of the manufacturer/ Fine Juice Ltd.  Address of the manufacturer/ 54, Chandni Chowk  Net weight when packed/ 200 ml  Manufacturing date/ 20<sup>th</sup> July 2015  Expiry date/ 20<sup>th</sup> December 2015  Maximum retail price (MRP)/ 30  Batch number/ D 4567  Directions for use/ To be consumed within 3 days of opening.  Contents/ Juice concentrate, sugar, preservatives.</p> </div> <p><b>(Full credit to be given if the examinee has written any specifications with reference to apple juice)</b></p>	<p><b>1 mark for each information</b>  = <b>1 x 4</b>  = <b>4 marks</b></p>
20	21	<p><b>20</b></p> <p><b>Q. A company has been registered under the Companies Act with an authorized share capital of Rs20,000 crores. Its registered office is situated in Delhi and manufacturing unit in a backward district of Rajasthan. Its marketing department is situated in Bhopal. The company is manufacturing Fast Moving Consumer Goods (FMCG).</b></p> <p><b>(i) Suggest with the help of a diagram a suitable organization structure for the company.</b></p> <p><b>(ii) State any three advantages of this organization structure.</b></p> <p><b>Ans.</b> <u>Divisional structure:</u></p> <div style="text-align: center;"> <pre> graph TD     MD[Managing Director] --&gt; P1[Product 1]     MD --&gt; P2[Product 2]     P1 --&gt; P1_P[Purchase]     P1 --&gt; P1_M[Manufacturing]     P1 --&gt; P1_Mark[Marketing]     P2 --&gt; P2_P[Purchase]     P2 --&gt; P2_M[Manufacturing]     P2 --&gt; P2_Mark[Marketing] </pre> </div> <p><b>(Or any other correct diagram)</b></p>	<p><b>2 marks for the diagram</b>  + <b>1 mark for each statement</b>  = <b>1 x 3</b>  = <b>2+3</b>  = <b>5 marks</b></p>





			<p>Advantages of Divisional structure: <b>(any three)</b></p> <p>(i) Product specialization helps in development of varied skills.  (ii) Helps in fixation of responsibility.  (iii) Promotes flexibility as each division is autonomous.  (iv) Facilitates expansion and growth.</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>	
21	22	-	<p><b>Q. Explain any five points of importance of directing function of management.</b></p> <p><b>Ans.</b> Importance of directing:  (a) Initiates action.  (b) Integrates employees' efforts.  (c) Guides employees to realize their potential.  (d) Facilitates changes.  (e) Brings stability and balance in the organisation.</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>½ mark each heading  +  ½ mark for explanation  =  1 x 5  =  <b>5 marks</b></p>
22	20	22	<p><b>Q. 'I-phone India Ltd.' is a manufacturer of advanced category of mobile phones. The company trained its engineers from Japan. It markets its mobile phones domestically as well as internationally. The company had a substantial market share and had a loyal customer following because of quality of its i-phone. From the last financial year the company had been unable to achieve its targets because of competition in the market. The company is planning to revamp its controlling system,</b></p> <p><b>(i) Identify the concepts of management involved in the above para.</b>  <b>(ii) State the steps of the revamped controlling process to be followed by the company to solve this problem.</b>  <b>(iii) Also, state any one value which the company wants to communicate to the society.</b></p> <p><b>Ans.</b> (i) Staffing and Controlling.</p> <p>(ii) The two steps which must be followed by the company to solve this problem are:  (a) Analysing deviations.  (b) Taking corrective action</p> <p>(iii) <u>Value which the company wants to communicate to the society:</u> <b>(Any one)</b>  (a) Serving the society by providing quality products.  (b) Growth and development.</p>	<p>1 mark for identifying each concept  =  1 x 2  =  2 marks  +  1 mark for stating each step  =  1 x 2  =  2 marks  +  1 mark for stating the value  =  2+2+1  =  <b>5 marks</b></p>
23	23	23	<p><b>Q. Aman, Ahmad and Ally are partners in a firm engaged in the</b></p>	





		<p><b>distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management, Ahmad argued that management was a profession. Whereas Ally argued against it saying that the legal and medical profession are the only professions because they fulfill all the conditions of profession. Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain, how Aman would have satisfied both Ahmad and Ally</b></p> <p><b>Ans.</b> Aman would have satisfied both Ahmed and Ally by explaining the following features of management as a profession.</p> <p>(i) <u>Well-defined body of knowledge:</u> All professions are based on a well-defined body of knowledge that can be acquired through instruction. Management too is based on a systematic body of knowledge comprising well-defined principles. <u>This feature of profession is present in management.</u></p> <p>(ii) <u>Restricted entry.</u> The entry to the above stated profession is restricted through a prescribed qualification. But there is <u>no restriction</u> on anyone being appointed as a manager in any business enterprise. So, presently <u>this feature of profession is not present in management</u></p> <p>(iii) <u>Professional association.</u> Legal and medical professions are affiliated to a professional association like bar council and medical council which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are <u>several associations</u> of practising managers in India, like the <u>AIMA</u> that has laid down a code of conduct to regulate the activities of their members. There is, however, <u>no compulsion</u> for managers to be members of such an association. So, presently <u>this feature of profession is not present in management</u></p> <p>(iv) <u>Ethical code of conduct.</u> Legal and medical professions are bound by a code of conduct which guides the behaviour of its members. AIMA has <u>devised a code of conduct</u> for Indian managers <u>but there is no statutory backing for this code.</u> So, presently <u>this feature of profession is not present in management.</u></p> <p>(v) <u>Service motive.</u> The motive of legal and medical profession is to serve their client's interests by rendering dedicated and committed service. The basic</p>	<p><math>\frac{1}{2}</math> mark for each heading + <math>\frac{1}{2}</math> mark for its explanation = 1 x 5 = 5 marks</p> <p>+ 1 mark for conclusion = 5+1 = 6 marks</p>
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			<p>purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby serving the society is being increasingly recognised. So, presently <u>this feature of profession is not fully present in management.</u></p> <p>The above discussion shows that management does not satisfy all the criteria of a profession. Through the above discussion Aman would have been able to satisfy both Ahmed and Ally by making them understand that Management is a profession but not a full fledged or a true profession.</p>																
24	-	-	<p><b>Q. There are a number of factors which affect the fixation of the price of a product. Explain any four such factors.</b></p> <p><b>Ans.</b> Factors that affect the fixation of price of a product are: <b>(Any four)</b></p> <p>(a) Product cost (b) Utility and demand (c) Extent of competition in the market, (d) Government and legal regulations. (e) Pricing objectives. (f) Marketing methods used.</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>½ mark each heading + 1 mark for explanation = 1 ½ x 4 = 6 marks</p>															
25	-	-	<p><b>Q. Distinguish between money market and capital market on the basis of:</b></p> <p>(a) Participants (b) Instruments (c) Safety and (d) Expected return</p> <p><b>Ans.</b> Difference between Capital Market and Money Market:</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Money Market</th> <th>Capital Market</th> </tr> </thead> <tbody> <tr> <td>1. Participants</td> <td>The participants are RBI, financial institutions, banks, corporates,</td> <td>The participants are financial institutions, banks, corporates, foreign investors and retail investors.</td> </tr> <tr> <td>2. Instruments</td> <td>Instruments traded are treasury bill, commercial paper, certificates of deposit, call money and commercial bill,</td> <td>Instruments traded are shares, debentures and bonds.</td> </tr> <tr> <td>3. Safety</td> <td>Money market securities are comparatively safer.</td> <td>Capital market securities are riskier than money market instruments.</td> </tr> <tr> <td>4. Expected return</td> <td>Money market securities yield comparatively less return.</td> <td>Generally yield a higher return than money market instruments.</td> </tr> </tbody> </table>	Basis	Money Market	Capital Market	1. Participants	The participants are RBI, financial institutions, banks, corporates,	The participants are financial institutions, banks, corporates, foreign investors and retail investors.	2. Instruments	Instruments traded are treasury bill, commercial paper, certificates of deposit, call money and commercial bill,	Instruments traded are shares, debentures and bonds.	3. Safety	Money market securities are comparatively safer.	Capital market securities are riskier than money market instruments.	4. Expected return	Money market securities yield comparatively less return.	Generally yield a higher return than money market instruments.	<p>1 ½ x 4 = 6 marks</p>
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