

Q. SET No			MARKING SCHEME-2014-15 BUSINESS STUDIES OUTSIDE DELHI (Comptt) -66/1-2-3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/1	66/2	66/3		
1	8	6	<p>Q. Why is management called an intangible force? State.</p> <p>Ans. Management is called an intangible force as it cannot be seen but its presence can be felt in the way the organisation functions.</p>	1 mark
2	7	7	<p>Q. Which level Managers are responsible for coordination? State.</p> <p>Ans. All levels. (if an examinee has given any of the three levels, full credit is to be given)</p>	1 mark
3	6	8	<p>Q. Define 'Planning'.</p> <p>Ans. Planning refers to setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available. (or any other correct definition) OR Planning is deciding in advance what is to be done, why it is to be done, when it is to be done and how it is to be done.</p>	1 mark
4	5	1	<p>Q. To make the sports day of the school successful the Headmaster of the school divided all the activities into task groups each dealing with a specific area like holding of events, arrangement of medals, refreshments etc. Each group was placed under the overall supervision of a senior teacher. The physical education teacher was made responsible for holding different events, the home science teacher for refreshments and the Maths teacher for medals.</p>	1 mark



			<p>Identify the function of management performed by the Headmaster in doing so.</p> <p>Ans. Organising.</p>	
5	4	2	<p>Q. Besides the dividend decision the finance function is concerned with two other broad decisions. Name these decisions.</p> <p>Ans. <u>Two other broad decisions are:</u> (i) Investment decision (ii) Financing decision</p>	$\frac{1}{2} \times 2$ = <p>1 mark</p>
6	3	3	<p>Q. A Steel manufacturing company is diversifying and starting a thermal power plant. State with reason the effect of diversification on the fixed capital requirements of the company.</p> <p>Ans. With diversification, the fixed capital requirements will increase as the investment in fixed capital will increase.</p>	<p>1 mark</p>
7	2	4	<p>Q. A consumer products manufacturing company is offering a number of consumer products like toiletries, detergent powder, food products etc. Identify the element of marketing mix referred here.</p> <p>Ans. Product/ product mix.</p>	<p>1 mark</p>
8	1	5	<p>Q. On the eve of Diwali Kalpana purchased two kilograms of sweets from Koyal sweets. On consumption of sweets her two children and husband fell sick and were to be hospitalized. Kalpana wanted to file a case in the consumer forum but could not do so because she did not have any proof of buying sweets from Koyal sweets. What proof could Kalpana had obtained for filing the claim in the consumer court?</p> <p>Ans. Cash memo.</p>	<p>1 mark</p>
9	-	-	<p>Q. State any three advantages of formal organization to a large scale enterprise.</p> <p>Ans. <u>Advantages of formal organization: (Any three)</u> (a) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined. (b) It <u>avoids duplication of effort</u> since there is no ambiguity in the role that each member has to play.</p>	<p>1 mark for each statement = <p>1 x 3</p> </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>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>= 3 marks</p>
10	13	12	<p>Q. There can be three different levels of packaging. Explain any two of them.</p> <p>Ans. Levels of packaging: (Any two)</p> <p>(a) Primary packaging (b) Secondary packaging (c) Transportation packaging</p>	<p>½ mark for naming the level + 1 mark for its explanation = 1 ½ x 2 = 3 marks</p>
11	12	13	<p>Q. Name and define the process that helps in choosing the best person out of a number of prospective candidates for a job.</p> <p>Ans. Selection.</p> <p>Selection is the process of choosing from among the pool of prospective job candidates developed at the stage of recruitment.</p>	<p>1 mark for naming the process + 2 mark for the definition = 1+2 = 3 marks</p>
12	11	10	<p>Q. Keeping in mind the emerging nature of the securities market in India, Securities and Exchange Board of India (SEBI) was entrusted with the twin task of regulation and development of securities market. Out of this, state the developmental functions of Securities and Exchange Board of India (SEBI).</p> <p>Ans. Developmental functions of SEBI:</p> <p>1. It trains intermediaries of the securities market.</p>	<p>1 mark for each statement = 1 x 3 = 3 marks</p>

			<p>2. It conducts research and publishing information useful to all market participants.</p> <p>3. It undertakes measures to develop the capital markets by adapting a flexible approach.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	
13	10	11	<p>Q. Sultan was a regional Manager in 'Homely Products Ltd.' for the last eight years. On the retirement of the Marketing Manager, Sultan applied for the same post because he was extremely ambitious and had dedicated all his energies to obtain the post of Marketing Manager. However, the top management decided to fill the position by selecting a better person from outside the company. Because of this Sultan was heartbroken and his performance declined.</p> <p>When the new Marketing Manager joined, one of his major problems was how to motivate and inspire Sultan to his former level of performance.</p> <p>Suggest any three non-financial benefits that the new marketing manager may use to motivate Sultan.</p> <p>Ans. The non-financial incentives that the new marketing manager may use to motivate Neha are: (Any three)</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.</p> <p>(ii) <u>Employee recognition</u> which means acknowledgement with a show of appreciation.</p> <p>(iii) <u>Employee participation</u> which means involving employees in 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>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</p>	<p>½ mark for suggesting the incentive + ½ mark for stating the incentive = 1 x 3 = 3marks</p>
14	17	15	<p>Q. How does the understanding of business environment help the management in the following?</p> <p>(a) Identification of threats and early warning signals</p>	



			<p>(b) Improving performance.</p> <p>Ans. (a) Understanding of business environment help the management in identification of threats on time which serves as an early warning signal enabling the firms to prepare themselves to meet the threats.</p> <p>(b) Understanding of business environment help the management in improving performance as the firms can then adopt suitable business practices not only to improve present performance but to continue to succeed in the long run.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>4 marks</p>
15	16	17	<p>Q. An environmental conscious company 'GVN Ltd.' has its business in all parts of the country. The company follows certain well - defined business principles that result to minimize the employee turnover. Following are some of the environmental factors followed by GVN Ltd.:</p> <p>(1) Honour the law of the country as well as that of the states in which it operates.</p> <p>(2) Respect the culture and customs of all states.</p> <p>(3) Provide clean and safe products to enhance the quality of life throughout the country.</p> <p>(4) Develop a culture in the company that enhances individual creativity and team work while honouring mutual trust and respect between management and labour.</p> <p>From the above (i) Identify and state any one general principle of management and any one dimension of business environment. (ii) Also identify any two values which the above guiding principles and environmental factors are conveying to the society.</p> <p>Ans.(i) Principle of management:(Any one)</p> <p>(a) Stability of personnel</p> <p>(b) Esprit de corps</p> <p>(c) Initiative</p> <p>Dimension of business environment:(Any one)</p> <p>(a)Legal environment.</p> <p>(b)Social environment.</p> <p>(ii) Values being conveyed: (Any two)</p> <p>(a) Respect for law</p> <p>(b) Cleanliness and hygiene</p> <p>(c) Raising standard of living</p>	<p>$\frac{1}{2}$ mark for identifying the principle</p> <p>+</p> <p>$\frac{1}{2}$ mark for the statement</p> <p>= $\frac{1}{2} + \frac{1}{2}$</p> <p>= 1 mark</p> <p>+</p> <p>$\frac{1}{2}$ mark for identifying the dimension</p> <p>+</p> <p>$\frac{1}{2}$ mark for the statement</p> <p>= $\frac{1}{2} + \frac{1}{2}$</p> <p>= 1 mark</p> <p>+</p> <p>1 mark for each value</p> <p>= 1 x 2</p> <p>= 2 marks</p> <p>= 1+1+2</p> <p>= 4 marks</p>



			(d) Secularism (Or any other correct value)	
16	15	14	<p>Q. It helps a manager to extend his area of operations as without it, his activities would be restricted to only what he himself can do. Identify the activity referred to, in the above statement and state its elements.</p> <p>Ans. Delegation.</p> <p>Elements of delegation are: (a) Authority. Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position. It flows from top to bottom.</p> <p>(b) Responsibility. Responsibility refers to the obligation of a subordinate to properly perform the assigned duty. It flows upwards.</p> <p>(c) Accountability. Accountability refers to answerability for the outcome of the assigned task. It flows upwards.</p>	<p>1 mark for identifying the activity + 1 mark for stating each element = 1 x 3 = 3marks = 1 + 3 = 4 marks</p>
17	14	16	<p>Q. A company manufactures very sophisticated switch gears used in automatic cars. For this the company uses hi-tech machines. Most of the times the workers of the factory remain idle because of lack of knowledge regarding the use of these hi-tech machines. The frequent visits by the engineers and constant supervision of the foreman results into high overhead charges. Explain the way by which this problem can be overcome. Also state how this helps the employees.</p> <p>Ans. This problem can be overcome through training (Vestibule Training).</p> <p>This will help the employees by: (any three) (a) Improving their skills and knowledge leading to better career.</p>	<p>1 mark for identifying the method + 1 mark for stating each benefit = 1 x 3 = 3 marks = 1+3 = 4 amrks</p>

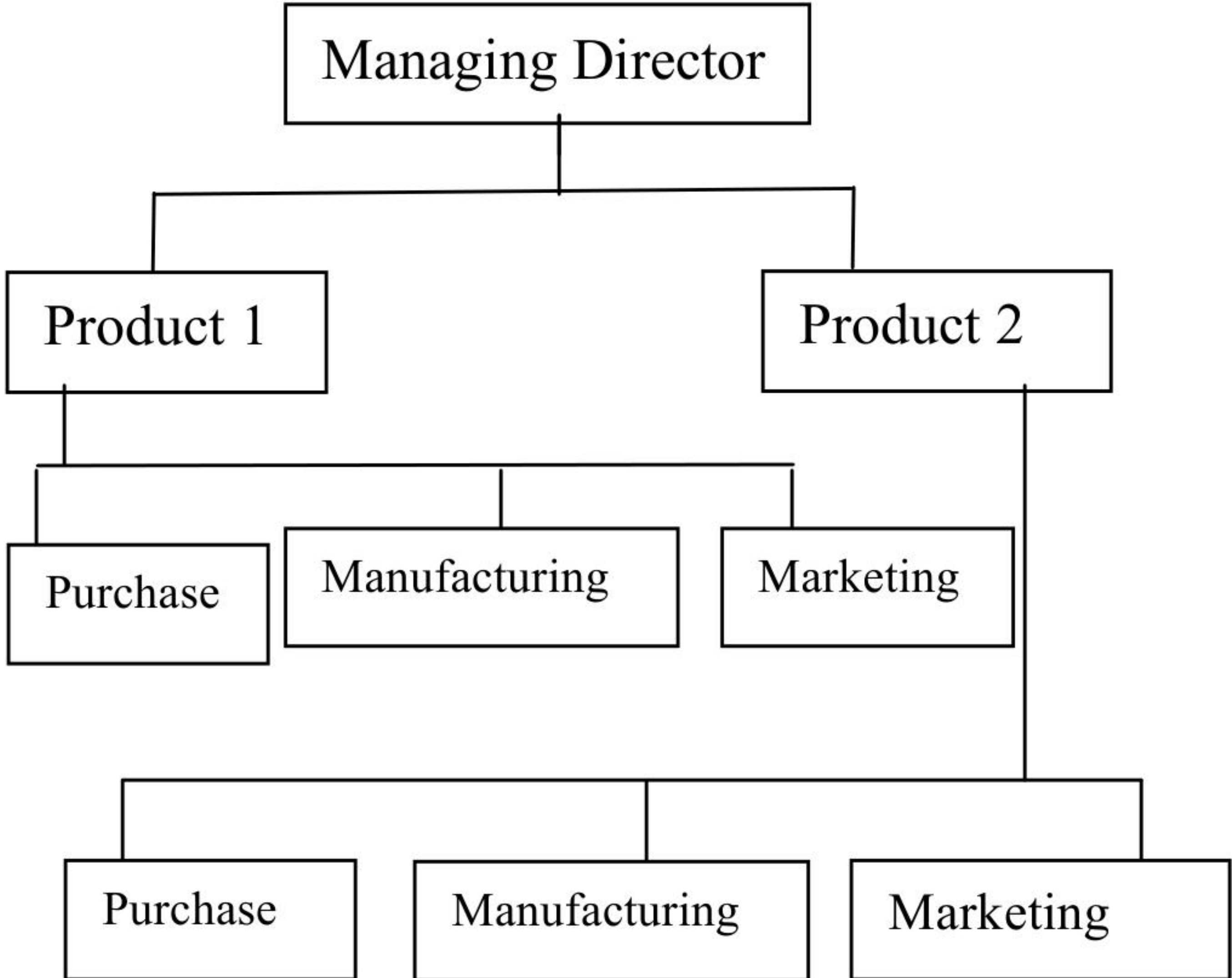


			<p>(b) <u>Enhancing the earning capacity</u> because of better performance.</p> <p>(c) <u>Increasing efficiency</u>.</p> <p>(d) <u>Increasing the satisfaction and morale</u> of employees.</p> <p>(e) <u>Reducing accidents</u>.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
18	18	-	<p>Q. State any four factors that will affect the working capital requirements of a company.</p> <p>Ans. <u>Factors which affect the requirements of working capital are: (Any four)</u></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.</p> <p>(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.</p> <p>(c) <u>Business cycle</u> as in case of boom, larger working capital is required as the sales and production are more.</p> <p>(d) <u>Seasonal factors</u> as peak season requires higher working capital than lean season due to higher level of activity.</p> <p>(e) <u>Production Cycle</u> as working capital requirement is higher in firms with longer processing cycle.</p> <p>(f) <u>Credit allowed</u> to customers results in higher amount of debtors, increasing the working capital requirement.</p> <p>(g) <u>Credit availed</u> from suppliers reduces the working capital requirement.</p> <p>(h) <u>Operating efficiency</u> as firms managing their raw materials efficiently require lesser working capital.</p> <p>(i) <u>Free and continuous availability of raw materials</u> enables the firms to keep lesser stock and hence work with smaller working capital.</p> <p>(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</p> <p>(k) <u>Level of competition</u> as higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital.</p> <p>(l) <u>Inflation</u> increases the working capital requirements as larger amount of money is required to maintain a constant</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>



			<p>volume of production and sales.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	
19	19	19	<p>Q. Your company has setup a coconut hair-oil factory in Coastal Kerala, with a production capacity of 10,000 bottles of 100 milli-litre per day. The company plans to market the hair-oil with the brand name 'Kale Kesh'. Design a label for the hair oil bottles.</p> <p>Ans. The following information is to be <u>PROVIDED ON THE LABEL IN ANY FORM</u> (Any four):</p> <div style="border: 1px solid black; padding: 5px;"> <p>Name of the product/ Kale Kesh Name of the manufacturer/ Future Oils Ltd. Address of the manufacturer/ 54, Chandni Chowk Net weight when packed/ 100 ml Manufacturing date/ 20th July 2015 Expiry date/ 20th December 2016 Maximum retail price (MRP)/ 40 Batch number/ D 4567 Directions for use/ For best results, massage with luke warm oil</p> </div> <p>(Full credit to be given if the examinee has written any specifications with reference to hair oil)</p>	<p>1 mark for each information</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>
20	20	20	<p>Q. A company has been registered under the Companies Act with an authorized share capital of Rs. 400 crores. Its registered office is situated in Mumbai and manufacturing unit in a backward district of Karnataka. Its marketing department is situated in Hyderabad. The company is manufacturing consumer goods.</p> <p>(i) With the help of a diagram suggest a suitable organization structure for the company.</p> <p>(ii) State any three limitations of this organization structure.</p>	<p>2 marks for the diagram</p> <p>+</p> <p>1 mark for</p>



		<p>Ans. Divisional structure</p>  <p>(Or any other correct diagram)</p> <p><u>Advantages of Divisional structure: (any three)</u> (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>(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p>each statement = 1 x 3 = 2+3 = 5 marks</p>
21	-	<p>Q. Explain the concept of leadership and its various styles.</p> <p>Ans. <u>Leadership</u> is the process of influencing people so that they strive willingly and enthusiastically towards the achievement of group goals.</p> <p><u>The various leadership styles are:</u> (i) Autocratic or Authoritarian leadership (ii) Democratic or Participative leadership (iii) Laissez Faire or Free –rein leadership</p>	<p>2 mark for explaining the concept + (½ mark for naming each style + ½ mark for its explanation =1x3 =3marks) = 2+3</p>



				=
				5 marks
22	22	22	<p>Q.'Jony India Ltd.' is the manufacturer of large sized curved televisions. The company imparted training to its engineers at an advanced training centre at Germany. It sells its television sets throughout the country. The company had a substantial market share and had a loyal customer following because of the quality products. 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.</p> <p>(i) Identify the concepts of management involved in the above para.</p> <p>(ii) State the steps of the revamped controlling process to be followed by the company to solve this problem.</p> <p>(iii) Also state any one value which the company wants to communicate to the society.</p> <p>Ans. (i) Staffing and Controlling.</p> <p>(ii) The two steps which must be followed by the company to solve this problem are:</p> <p>(a) Analysing deviations.</p> <p>(b) Taking corrective action</p> <p>(iii) Value which the company wants to communicate to the society:(Any one)</p> <p>(a) Serving the society by providing quality products.</p> <p>(b) Growth and development.</p>	<p>1 mark for identifying each concept</p> <p style="text-align: center;">=</p> <p>1 x 2</p> <p style="text-align: center;">=</p> <p>2 marks</p> <p style="text-align: center;">+</p> <p>1 mark for stating each step</p> <p style="text-align: center;">=</p> <p>1 x 2</p> <p style="text-align: center;">=</p> <p>2 marks</p> <p style="text-align: center;">+</p> <p>1 mark for stating the value</p> <p style="text-align: center;">=</p> <p>2+2+1</p> <p style="text-align: center;">=</p> <p>5 marks</p>
23	23	23	<p>Q. Kamal, Khan and Devid are partners in a firm engaged in the distribution of dairy products in Madhya Pradesh. Kamal is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Khan had done his post-graduation in Hindi literature and Devid in Dairy Farming. One day there was a serious discussion between Khan and Devid regarding the nature of 'Management as a Science'. Khan argued that Management was not a science whereas Devid was of the opinion that Management was a science. Kamal intervened and corrected both Khan and Devid about the nature of Management as a Science with the help of his knowledge of Business Studies.</p>	



		<p>Explain, how Kamal would have been able to satisfy both Khan and Devid.</p> <p>Ans. Kamal would have been able to satisfy both Khan and Devid by explaining the following features of management as a science:</p> <p>1. <u>Systematised body of knowledge.</u> Like science, management is a systematic body of knowledge with its own theories and principles that have developed over a period of time. So, this feature of science is present in management.</p> <p>2. <u>Principles based on observation and experimentation</u> Like science, management principles are derived through observation and repeated experimentation. So, this feature of science is present in management. However since management deals with human beings the outcome of these experiments are not capable of being accurately predicted.</p> <p>3. <u>Universal validity.</u> Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. Since they have to be modified according to a given situation, their application and use is not universal. So, this feature of science is not fully present in management.</p> <p>Through the above discussion Kamal would have been able to satisfy both Khan and Devid by making them understand that management is a science but not an exact science.</p>	<p>½ mark for the heading + 1 ½ marks for its explanation = 2 x 3 = 6 marks</p>	
24	-	-	<p>Q. Describe the following rights of a consumer:</p> <p>(a) Right to be Heard. (b) Right to Safety. (c) Right to Consumer Education.</p> <p><u>(a) Right to be heard:</u></p> <ul style="list-style-type: none"> ▪ The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service. ▪ It is because of this reason many firms have set up their own consumer service and grievance cells. <p><u>(b) Right to Safety</u></p> <ul style="list-style-type: none"> ▪ Right to be protected against goods and services which are hazardous to life and health. ▪ Right to get protection against the risks caused due to the use of substandard products or products that do not conform to the safety norms. 	<p>2 marks + 2 marks +</p>

			<p>(c) <u>Right to consumer education.</u></p> <ul style="list-style-type: none"> ▪ The consumer has the right to acquire knowledge and to be a well informed consumer. ▪ He should be aware about his rights and the reliefs available to him in case of a product or service is falling short of his expectations. 	<p>2 marks = 2+2+2 = 6 marks</p>																					
25	-	-	<p>Q. Distinguish between Primary market and Secondary market.</p> <p>Difference between Primary Market and Secondary Market:</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Primary Market</th> <th>Secondary Market</th> </tr> </thead> <tbody> <tr> <td>(i) Securities traded</td> <td>There is issue of securities by new companies or new issues of securities by existing companies to investors</td> <td>There is trading of existing shares only.</td> </tr> <tr> <td>(ii) Company involvement</td> <td>Securities are sold by the companies to the investors directly</td> <td>Securities are exchanged between investors.</td> </tr> <tr> <td>(iii) Capital formation</td> <td>It directly promotes capital formation.</td> <td>It indirectly promotes capital formation.</td> </tr> <tr> <td>(iv) Buying/selling</td> <td>Only buying of securities takes place</td> <td>Both buying and selling of securities take place.</td> </tr> <tr> <td>(v) Price determination</td> <td>Prices are determined by management of the company.</td> <td>Prices are determined by the forces of demand and supply of securities.</td> </tr> <tr> <td>(vi) Location</td> <td>It has no fixed geographical location.</td> <td>It has fixed geographical location.</td> </tr> </tbody> </table>	Basis	Primary Market	Secondary Market	(i) Securities traded	There is issue of securities by new companies or new issues of securities by existing companies to investors	There is trading of existing shares only.	(ii) Company involvement	Securities are sold by the companies to the investors directly	Securities are exchanged between investors.	(iii) Capital formation	It directly promotes capital formation.	It indirectly promotes capital formation.	(iv) Buying/selling	Only buying of securities takes place	Both buying and selling of securities take place.	(v) Price determination	Prices are determined by management of the company.	Prices are determined by the forces of demand and supply of securities.	(vi) Location	It has no fixed geographical location.	It has fixed geographical location.	<p>1 ½ x 4 = 6 marks</p>
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