

BUSINESS STUDIES

MARKING SCHEME COMPTT August 2021 BUSINESS STUDIES 66/6/1 EXPECTED ANSWERS / VALUE POINTS		DISTRIBUTION OF MARKS
SECTION A		
1	<p>Q. ‘The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage.’</p> <p>The above lines highlight which of the following objectives of management?</p> <p>(A) Organisational objectives (B) Social objectives (C) Personal objectives (D) Both (B) and (C)</p> <p>Ans. (A) Organisational objectives</p>	1 mark
2	<p>‘In order to be successful, an organisation must change itself and its goals according to the needs of the environment. Which characteristic of management is being highlighted here?’</p>	



	<p>(A) Management is all pervasive.</p> <p>(B) Management is multi-dimensional.</p> <p>(C) Management is a group activity.</p> <p>(D) Management is a dynamic function.</p> <p>Ans. (D) Management is a dynamic function</p>	1 mark
3	<p>Q. _____ environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p> <p>(A) Social</p> <p>(B) Political</p> <p>(C) Technological</p> <p>(D) Economic</p> <p>Ans. (C) Technological</p>	1 mark
4	<p>‘Business environment consists of numerous inter-related and dynamic conditions or forces which arise from different sources.’ Identify the characteristic of business environment</p>	



	<p>being highlighted here.</p> <p>(A) Inter-relatedness</p> <p>(B) Dynamic nature</p> <p>(C) Complexity</p> <p>(D) Relativity</p> <p>Ans. (A) Inter-relatedness</p>	<p>1 mark</p>
5	<p>Q. The process of management which synchronises the activities of different departments in an orderly manner is:</p> <p>(A) Planning</p> <p>(B) Staffing</p> <p>(C) Controlling</p> <p>(D) Coordination</p> <p>Ans. (D) Coordination</p>	<p>1 mark</p>
6	<p>Which of the following headings does not <i>highlight</i> the importance of business environment?</p> <p>(A) Tapping useful resources</p> <p>(B) Coping with rapid changes</p>	



	<p>(C) Improving performance</p> <p>(D) Promoting innovative ideas</p> <p>Ans. (D) Promoting innovative ideas</p>	<p>1 mark</p>
7	<p>Q. Reserve Bank of India has reduced the REPO rate for providing cheaper loans to the industries during COVID-19 pandemic. Which dimension of business environment is being discussed here?</p> <p>(A) Political</p> <p>(B) Economic</p> <p>(C) Technological</p> <p>(D) Social</p> <p>Ans. (B) Economic</p>	<p>1 mark</p>
8	<p>Q. 'Delegation' is the process of sharing the 'authority' and 'responsibility':</p> <p>(A) At two levels</p> <p>(B) At three levels</p> <p>(C) At multiple levels</p> <p>(D) Authority and responsibility cannot be shared</p>	



	<p>Ans. (A) At two levels</p>	<p>1 mark</p>
9	<p>Q. The step of ‘organising’ process in which each individual comes to know from whom he has to take orders and to whom he is accountable is called:</p> <p>(A) Identification and division of work (B) Departmentalisation (C) Assignment of duties (D) Establishing reporting relationships</p> <p>Ans. (D) Establishing reporting relationships</p>	<p>1 mark</p>
10	<p>Q. Which of the following headings does <i>not</i> highlight the importance of ‘controlling’ function of management ?</p> <p>(A) Ensuring order and discipline (B) Initialising action by people in the organisation (C) Making efficient use of resources</p>	



	<p>(D) Improving employees motivation</p> <p>Ans. (B) Initialising action by people in the organisation</p>	<p>1 mark</p>
11	<p>Q. (a) Which of the following is a financial incentive?</p> <p>(A) Perquisites</p> <p>(B) Status</p> <p>(C) Job-enrichment</p> <p>(D) Job-security</p> <p>Ans. (A) Perquisites</p> <p>OR</p> <p>Q. Which of the following is <i>not</i> a step in the selection process?</p> <p>(A) Reference and background checks</p> <p>(B) Selection decision</p> <p>(C) Job Offer</p> <p>(D) Performance appraisal</p> <p>Ans. (D) Performance appraisal</p>	<p>1 mark</p> <p>OR</p> <p>1 mark</p>



	<p>a. Branding i. Act of designing and producing the container or wrapper of a product.</p> <p>b. Packaging marks ii. Putting identification on the package.</p> <p>c. Labelling name iii. Process of giving a or a sign or a symbol to the product.</p> <p>Which of the following matches is correct?</p> <table border="0"> <tr> <td></td> <td>a</td> <td>b</td> <td>c</td> </tr> <tr> <td>(A)</td> <td>i</td> <td>ii</td> <td>iii</td> </tr> <tr> <td>(B)</td> <td>iii</td> <td>ii</td> <td>i</td> </tr> <tr> <td>(C)</td> <td>iii</td> <td>i</td> <td>ii</td> </tr> <tr> <td>(D)</td> <td>ii</td> <td>iii</td> <td>i</td> </tr> </table> <p>Ans. (C) iii i ii</p>		a	b	c	(A)	i	ii	iii	(B)	iii	ii	i	(C)	iii	i	ii	(D)	ii	iii	i	<p>1 mark</p>
	a	b	c																			
(A)	i	ii	iii																			
(B)	iii	ii	i																			
(C)	iii	i	ii																			
(D)	ii	iii	i																			
	<p><i>Read the following paragraph and answer question nos. 13-16 on the basis of the same:</i></p>	<p>–</p>																				



Mayank Ltd. is a real estate company. Since its establishment, the company acquired a good market share. With the boom in the Indian economy, the real estate sector is also witnessing a boom due to lower interest rates on housing loans and accompanying income-tax concessions.

For meeting this increasing demand, the finance manager of the company suggested to raise ₹1,250 crore by issuing shares and ₹750 crore by way of loan from the bank. He was of the opinion that this will increase per share earnings of the shareholders.

The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals. They also suggested that instead of taking loan from the bank the privilege can be given to existing shareholders to



	<p>subscribe to a new issue of shares for ₹ 750 crore.</p>	
13	<p>Q. The method of raising ₹1,250 crore suggested by the finance manager is:</p> <p>(A) Offer for sale</p> <p>(B) Offer through prospectus</p> <p>(C) Private placement</p> <p>(D) e-IPOs</p> <p>Ans. (B) Offer through prospectus</p>	1 mark
14	<p>Q. ‘The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals.’</p> <p>In the above lines the method of floatation of new issues suggested by the directors is:</p> <p>(A) Offer for sale</p> <p>(B) Offer through prospectus</p> <p>(C) Private placement</p> <p>(D) e-IPOs</p>	1 mark



	<p>Ans. (C) Private placement</p>	
15	<p>Q. ‘They also suggested that instead of taking loan from the bank the privilege can be given to existing shareholders to subscribe to a new issue of shares for ₹750 crore.’</p> <p>The method of floatation of new issues discussed in the above lines is:</p> <p>(A) Offer for sale (B) Offer through prospectus (C) Private placement (D) Rights issue</p> <p>Ans. (D) Rights issue</p>	<p>1 mark</p>
16	<p>Q. The market through which the financial manager and the directors wanted to collect funds is:</p> <p>(A) Money Market (B) Capital Market</p>	



<p>(C) Both (A) and (B) (D) Neither (A) nor (B)</p> <p>Ans. (B) Capital Market</p>	<p>1 mark</p>
<p><i>Read the following paragraph and answer question nos. 17-20 on the basis of the same:</i></p> <p>Kshitij just completed his MBA from IIM Ahmedabad. He was not interested in doing a job. So he decided to start his own start-up. He along with his friend Naitik decided to start a dairy business for providing fresh and pure milk to people. For this, they gathered and analysed market information. They found that people were interested in buying cow's pure milk. So for meeting the demand for pure cow milk, they purchased 50 cows. They installed a plant for pasteurisation of the milk. Fresh milk was pasteurised and packed in glass bottles. On the bottles, all</p>	



	<p>information related to milk such as Date of Manufacturing, Nutrition value, Quantity, MRP, etc. was given. They gave the name ‘Fresh Delight’ to the milk which was also printed on the bottles.</p> <p>For distribution of milk, they hired delivery boys who supply this milk door to door. They got the name ‘Fresh Delight’ registered so that no other firm can use such name in the country.</p>	
17	<p>Q. Which function of marketing was performed by Kshitij and Naitik before purchasing the cows?</p> <p>(A) Marketing Planning</p> <p>(B) Packaging and Labelling</p> <p>(C) Gathering and Analysing Market Information</p> <p>(D) Branding</p> <p>Ans. (C) Gathering and Analysing Market Information</p>	<p>1 mark</p>



18	<p>Q. 'They gave the name 'Fresh Delight' to the milk.' The process of giving this name is known as:</p> <p>(A) Branding</p> <p>(B) Brand Name</p> <p>(C) Trade Mark</p> <p>(D) Packaging</p> <p>Ans. (A) Branding</p>	<p>1 mark</p>
19	<p>Q. 'On the bottles all information related to milk was given.' This important product related decision is:</p> <p>(A) Packaging</p> <p>(B) Labelling</p> <p>(C) Branding</p> <p>(D) Both (A) and (C)</p> <p>Ans. (B) Labelling</p>	<p>1 mark</p>
20	<p>Q. 'For distribution of milk, they hired delivery boys who supply this milk door to door.' The element of marketing mix</p>	



	<p>highlighted here is:</p> <p>(A) Product</p> <p>(B) Price</p> <p>(C) Place/Physical distribution</p> <p>(D) Both (A) and (B)</p> <p>Ans. (C) Place/Physical distribution</p>	<p>1 mark</p>
21	<p>Q. Identify the characteristic of management which states that the activities involved in managing an enterprise are common to all organisations whether economic, social or political. Also state two other characteristics of management.</p> <p>Ans. Management is all pervasive.</p> <p><u>Other characteristics of management: (Any two)</u></p> <p>(i) It is a <u>goal-oriented process</u> as it strives to achieve organisational goals.</p> <p>(ii) It is <u>multidimensional</u> as it involves management of work, people and operations.</p>	<p>1 mark</p> <p>+</p> <p>1 x 2</p> <p>= 2 marks</p> <p>= 1+2</p>



	<p>(iii) It is a <u>continuous process</u> as it involves an ongoing series of functions.</p> <p>(iv) It is a <u>group activity</u> as it unites individual effort in a common direction.</p> <p>(v) It is a <u>dynamic function</u> as it adapts itself to the changing environment.</p> <p>(vi) It is an <u>intangible force</u> as it cannot be seen but its presence can be felt in the way the organisation functions.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p>	<p>= 3 marks</p>
22	<p>Q. ‘Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute towards achieving organisational objectives.’ In the light of this statement, explain any two styles of leadership.</p>	<p>= ½ mark for naming the style</p> <p>+ 1 mark for its explanation</p> <p>= ½ +1</p>



	<p>Ans. <u>In the light of the given statement, the various leadership styles are (Any Two):</u></p> <p>(i) Autocratic or Authoritarian leadership (ii) Democratic or Participative leadership (iii) Laissez Faire or Free –rein leadership</p>	<p>= 1 ½</p> <p>=1 ½ x 2</p> <p>= 3 marks</p>
23	<p>Q. Give the meaning of ‘Formal’ and ‘Informal’ communication.</p> <p>Ans. <u>Formal communication</u> is the communication which flows through official channels designed in the organisation chart. This communication may take place between a superior and subordinate, a subordinate and superior or among same cadre employees or managers.</p> <p><u>Informal communication</u> is the communication that takes place without following the formal lines of communication. It is generally referred to as the ‘grapevine’ because it spreads throughout the organisation with its branches going out in all directions in utter disregard to the levels of authority</p>	<p>1½ marks</p> <p>+</p> <p>1½ marks</p> <p>= 3 marks</p> <p>OR</p>



	<p style="text-align: center;">OR</p> <p>Q. Actual performance of employees is measured in the second step of ‘controlling’ process. Explain the next three steps in the process.</p> <p>Ans.</p> <p>The next three steps in the process of controlling are:</p> <p>(i) Comparing actual performance with standards (ii) Analysing deviations</p> <ul style="list-style-type: none"> • Critical Point Control • Management by Exception <p>(iii) Taking corrective action</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p>	<p>½ mark for naming the step</p> <p>+</p> <p>½ mark for its explanation</p> <p>= 1x3</p> <p>= 3 marks</p>
24	<p>Q. (a) State any three objectives of Securities and Exchange Board of India.</p> <p>Ans. Objectives of SEBI are: (Any three)</p>	



<p>(i) To <u>regulate stock exchanges</u> and the securities industry to <u>promote their orderly functioning</u>.</p> <p>(ii) To <u>protect the rights and interests of investors</u>, particularly individual investors and to guide and educate them.</p> <p>(iii) To <u>prevent trading malpractices</u> and achieve a balance between self-regulation and statutory regulation.</p> <p>(iv) To <u>regulate and develop a code of conduct</u> and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>Q. (b) State any three functions of Stock Exchange.</p>	<p style="text-align: right;">1 x 3 = 3 marks</p> <p style="text-align: center;">OR</p>
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<p>Ans. <u>Functions of Stock Exchange</u> are: (Any three)</p> <p>(i) It <u>provides liquidity and marketability</u> to existing securities by allowing the investors a chance to disinvest and reinvest.</p> <p>(ii) It <u>determines the price of securities</u> on the basis of the forces of demand and supply.</p> <p>(iii) It <u>ensures safety of transactions</u> as the transactions are carried out within an existing legal framework.</p> <p>(iv) It <u>contributes to economic growth</u> as it indirectly promotes capital formation.</p> <p>(v) It <u>spreads equity cult</u> and ensures wider share ownership.</p> <p>(vi) It <u>provides scope for speculation</u> within the provisions of law.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p>	<p>1 x 3</p> <p>=</p> <p>3 marks</p>
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25	<p>Q. State the first four steps in the process of ‘staffing’.</p> <p>Ans. First four steps in the process of ‘staffing’ are:</p> <p>(i) <u>Estimating manpower requirements</u> which involves knowing how many persons are needed and of what type.</p> <p>(ii) <u>Recruitment</u> which involves searching for prospective employees and stimulating them to apply for jobs in the organisation.</p> <p>(iii) <u>Selection</u> which involves choosing from among the pool of prospective job candidates developed at the stage of recruitment.</p> <p>(iv) <u>Placement and orientation-</u> Placement refers to occupying of position by the employee for which he has been selected.</p> <p>Orientation refers to introducing the selected employee to other employees and familiarising him with the rules and policies of the</p>	<p>1 x 4</p> <p>= 4marks</p>
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	<p>organisation.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p>	
26	<p>Q. Explain the following methods of training:</p> <p>(a) Vestibule training</p> <p>(b) Apprenticeship training</p> <p>Ans. <u>Vestibule Training</u></p> <ul style="list-style-type: none"> ▪ Vestibule Training is a method of training in which employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. ▪ It is usually used when employees are required to handle sophisticated machinery and equipment. <p><u>Apprenticeship Training/ Programme</u></p> <ul style="list-style-type: none"> ▪ Apprenticeship Training/ Programme is a method of training in which the trainee is kept under <u>guidance of a master worker</u> for a prescribed amount of time to acquire a higher 	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>= 2+2</p> <p>= 4 marks</p>



	<p>level of skill.</p> <ul style="list-style-type: none"> People who want to enter <u>skilled trades</u> e.g., plumbers & electricians, are often required to undergo such programme. 	
27	<p>(a) Identify and explain the elements of ‘directing’ in the following cases:</p> <p>(i) Mohan guides the efforts of his subordinates to accomplish the desired objectives and gives instructions to ensure optimum utilisation of resources and achievement of work targets.</p> <p>(ii) S.S. Tripathi, Managing Director, explains the plan in writing to the departmental managers and receives their feedback.</p> <p>Ans.</p> <p>(i) <u>Supervision</u></p> <p>Supervision means overseeing what is being done by the subordinates and giving instructions to ensure optimal utilization of resources and achievement of work targets.</p>	<p>1 mark</p> <p>for identific</p> <p>ation of each</p> <p>element</p> <p>+</p> <p>1 mark</p> <p>for its explan-</p> <p>ation</p> <p>= 1+ 1</p> <p>= 2 marks</p>



	<p>(ii) <u>Communication</u></p> <p>Communication is the process of exchange of ideas, views, facts, feelings and information, between or among people to create common understanding.</p> <p style="text-align: center;">OR</p> <p>(b) Identify the need from the ‘Maslow’s Need Hierarchy’ in the following statements and also state the four assumptions on which Maslow’s theory is based.</p> <p>(i) These needs refer to affection, sense of belongingness, acceptance and friendship.</p> <p>(ii) It refers to the drive to become what one is capable of becoming.</p> <p>(iii) These needs include factors such as self-respect, autonomy status, recognition and attention.</p>	<p>= 2 + 2</p> <p>= 4 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">½ mark</p>
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<p>(iv) These needs provide security and protection from physical and emotional harm.</p> <p>Ans.</p> <p>(i) Affiliation/ Belongingness Needs (ii) Self Actualisation Needs (iii) Esteem Needs (iv) Safety/ Security Needs</p> <p>The following are the assumptions of Maslow's need hierarchy theory:</p> <p>(i) People's <u>behaviour is based on their needs.</u> Satisfaction of such needs influences their behaviour.</p> <p>(ii) People's <u>needs are in hierarchical order,</u> starting from basic needs to higher level needs.</p> <p>(iii) A <u>satisfied need no longer can motivate a person;</u> only next higher level need can motivate him.</p> <p>(iv) A person <u>moves to the next higher level of the hierarchy only when the lower need is satisfied.</u></p>	<p>for identifying each need = ½ x 4 = 2 marks</p> <p>+</p> <p>½ mark for each assumption = ½ x 4 = 2 marks</p> <p>= 2+2 = 4 marks</p>
<p>28 Q. (a) Explain any two factors that affect</p>	



<p>the dividend decision of a company.</p> <p>Ans. <u>Factors affecting dividend decision of a company are: (Any two)</u></p> <p>(i) Amount of earnings. (ii) Stability of earnings. (iii) Stability of dividends. (iv) Growth opportunities. (v) Cash Flow position. (vi) Shareholders preference. (vii) Taxation policy. (viii) Stock market reaction. (ix) Access to capital market. (x) Legal constraints. (xi) Contractual constraints.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p> <p style="text-align: center;">OR</p> <p>(b) Explain any two factors that affect the financing decision of a company.</p> <p>Ans. <u>Factors affecting financing decision are</u></p>	<p>½ mark for naming each factor</p> <p style="text-align: center;">+</p> <p>1½ marks for its explanation</p> <p>= ½ + 1 ½</p> <p>= 2 marks</p> <p style="text-align: center;">= 2 x 2</p> <p>= 4 marks</p>
<p style="text-align: center;">OR</p> <p>(b) Explain any two factors that affect the financing decision of a company.</p> <p>Ans. <u>Factors affecting financing decision are</u></p>	<p style="text-align: center;">OR</p> <p>½ mark for naming each factor</p>

	<p>(Any two):</p> <p>(i) Cost of different sources of finance</p> <p>(ii) Risk associated with different sources of finance</p> <p>(iii) Floatation costs</p> <p>(iv) Cash flow position</p> <p>(v) Fixed operating costs</p> <p>(vi) Management's control over the business.</p> <p>(vii) State of the capital market</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p>	<p>+</p> <p>1½ marks</p> <p>for its</p> <p>expla-</p> <p>nation</p> <p>= ½ + 1 ½</p> <p>=2 marks</p> <p>= 2 x 2</p> <p>= 4 marks</p>
29	<p>Q. Rajesh wants to start a small factory for producing Hand Sanitizers. For establishing the plant and acquiring other fixed assets he needs < 80 lakh.</p> <p>Explain any two factors which affect the requirement of fixed capital of this company.</p> <p>Ans. Factors affecting fixed capital requirements of a company: (Any two)</p>	<p>½ mark for naming each factor</p> <p>+</p> <p>1½ marks for its</p>



	<ol style="list-style-type: none"> 1. Nature of business. 2. Scale of operations. 3. Choice of technique. 4. Growth prospects. 5. Technology upgradation. 6. Diversification. 7. Financing alternatives. 8. Level of collaboration. <p><i>(If an examinee has not given the headings but has given the correct reasons, full credit should be given)</i></p>	<p>explanation</p> <p>= ½ + 1 ½</p> <p>=2 marks</p> <p>=2 x 2</p> <p>= 4 marks</p>
30	<p>Q. Explain the following rights of consumers as per the Consumer Protection Act, 1986</p> <p>(a) Right to be informed</p> <p>(b) Right to seek redressal</p> <p>Ans. (a) <u>Right to be informed:</u></p> <ul style="list-style-type: none"> ▪ The consumer has a right to have complete information about the product he intends to 	<p>2 marks</p>



	<p>buy such as, ingredients, date of manufacture, price, quantity etc.</p> <ul style="list-style-type: none"> ▪ It is because of this reason that the legal framework in India requires the manufacturers to provide such information on the package and label of the product. <p><u>(b) Right to seek redressal:</u></p> <ul style="list-style-type: none"> ▪ The consumer has a <u>right to get relief</u> in case the product or service falls short of his expectations. ▪ The Consumer Protection Act provides relief to customers such as <u>replacement of product, removal of defect in the product, compensation</u> for any loss or injury suffered by the consumer. 	<p style="text-align: center;">+</p> <p style="text-align: center;">2 marks</p> <p style="text-align: center;">= 2+2 = 4 marks</p>
31	<p>Q. Explain the following techniques of Scientific Management:</p> <p>(a) Method study (b) Motion study (c) Time study</p> <p>Ans.</p>	



<p><u>Method Study</u></p> <ul style="list-style-type: none"> ▪ It is a study to find out one best way of doing the job and includes all activities from procurement of raw materials till the final product is delivered to the customer. ▪ It helps to minimize the cost of production and maximize quality and satisfaction of the customer. 	<p>2 marks</p>
<p><u>Motion Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to study the movements that are necessary for doing a well-defined job. ▪ It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently. 	<p>2 marks</p>
<p>(i) <u>Time Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. 	<p>2 marks</p> <p>= 2+2+2</p> <p>=</p> <p>6 marks</p>



	<ul style="list-style-type: none"> ▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. 	
32	<p>Q. (a) Planning ‘provides direction’, ‘reduces the risk of uncertainty’ and ‘promotes innovative ideas’. Explain.</p> <p>Ans.</p> <p>(a) Planning provides direction, reduces the risk of uncertainty and promotes innovative ideas.</p> <p>Planning provides direction</p> <ul style="list-style-type: none"> ▪ By stating in advance how work is to be done, planning provides direction for action. ▪ Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. <p>Planning reduces the risk of uncertainty</p> <ul style="list-style-type: none"> ▪ By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events. 	2 x 3



<ul style="list-style-type: none"> ▪ Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed. <p>Planning promotes innovative ideas</p> <ul style="list-style-type: none"> ▪ Since planning is the first function of management, new ideas can take the shape of concrete plans. ▪ It guides all future actions leading to growth and prosperity of the business. <p style="text-align: center;">OR</p> <p>Q(b) ‘All the available alternatives are evaluated in the light of their feasibility and consequences’. This is one of the steps in the process of ‘planning’. Explain the steps followed by this.</p> <p>Ans. All the available alternatives are evaluated in the light of their feasibility and consequences. This is one of the steps in the process of planning. The steps followed by this are:</p>	<p>= 6 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">½ mark for naming the step</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 ½ marks for each</p>
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	<p>(i) Selecting an alternative:</p> <p>This is the real point of decision making. The best plan must be adopted and implemented. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.</p> <p>(ii) Implementing the plan:</p> <p>This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action, i.e., doing what is required.</p> <p>(ii) Follow-up action:</p> <p>To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.</p>	<p>explanation</p> <p>= 2 x 3</p> <p>= 6 marks</p>
33	<p>Q. Kartik opens a bakery shop in the local market. With the</p>	



<p>increasing demand of his bakery products, he feels it will be impossible for him to handle all the work himself. So, he appoints Bhavana to perform tasks on his behalf, thereby reducing his workload. It enables Kartik to use his time on high priority activities.</p> <p>(a) Identify and explain the concept of ‘organising’ discussed in the above case.</p> <p>(b) Explain the two essential elements of the concept identified in (a) above.</p> <p>Ans. (a) The concept of organising discussed in the above case is <u>Delegation</u>.</p> <p>Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.</p> <p>(Or any other correct meaning including all the three elements)</p> <p>(b) <u>Essential elements of delegation</u>: (Any two)</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for its explanation</p> <p>= 1+ 1</p> <p>= 2marks</p> <p>+</p> <p>½ mark for</p>
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	<p><u>(i) Authority.</u></p> <ul style="list-style-type: none"> ▪ Authority refers to the right of an individual to command his subordinates and to act within the scope of his position ▪ It flows from top to bottom. <p><u>(ii) Responsibility.</u></p> <ul style="list-style-type: none"> ▪ Responsibility as an element of delegation means obligation of a subordinate to perform the assigned duty properly. ▪ It flows upwards. <p><u>(iii) Accountability.</u></p> <ul style="list-style-type: none"> ▪ Accountability as an element of delegation means the answerability for the outcome of the assigned task. ▪ It flows upwards. 	<p>naming the element + 1½ marks for its explanation = ½ + 1 ½ = 2 marks = 2 x 2 = 4 marks</p> <p>= 2+4 = 6 marks</p>
34	<p>Q. (a) Explain any three factors that affect the price determination of a product.</p> <p>Ans. <u>Factors that affect the price determination of a product:</u> (Any three)</p>	<p>½ mark for naming the</p>



<p>(i) Product Cost. (ii) The Utility and Demand. (iii) Extent of competition in the market. (iv) Government and Legal Regulations. (v) Marketing methods used. (vi) Pricing objectives.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i></p> <p style="text-align: center;">OR</p> <p>(b) Explain any three elements of promotion mix.</p> <p>Ans. <u>Elements of Promotion Mix</u> are: (Any three)</p> <p><u>Advertising</u> is the paid form of non-personal communication about a product by an identified sponsor.</p> <p><u>Personal Selling</u> means oral presentation of message in the form of conversation with prospective customers for the purpose of making</p>	<p>factor + 1 ½ marks for its explanation 2 x 3 = 6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming the element + 1 ½ marks for each explanation = ½ + 1 ½ = 2 marks</p> <p style="text-align: center;">=2 x 3</p>
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<p>a sale.</p> <p><u>Sales Promotion</u> refers to short term incentives which are designated to encourage the buyers to make immediate purchase of a product or service.</p> <p><u>Public Relations</u> refer to a variety of programmes to promote and protect a company's image or its products in the eyes of the public.</p>	<p>= 6 marks</p>
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