SET 2

SEI				
			MARKING SCHEME – 2016-17	DISTRIBUTION OF MARKS
			BUSINESS STUDIES COMPTT.	OF WINKING
66/1	66/2	66/3	OUTSIDE DELHI – 66/2	
	00/2	00,0	EXPECTED ANSWERS / VALUE POINTS	
5	1	2	Q. How do principles of management provide managers	Tob.
			with useful insights in real world situations? State.	
				1 mark
			Ans. Principles of management provide useful insights into	bras
		9	reality by enabling the managers to learn from past mistakes	
			and conserve time by solving recurring problems quickly.	
2			d Stud	
4	2	3	Q. Seema, a student of management likes to relate what	
			she learnt in class to real life situation. She observed many	
			situations while watching educational programmes on	
		Y	television that reminded her the concepts of Scientific	
			Management. In one such programme, factories	
			manufacturing components for products like automobiles,	
			computers and mobile phones were shown.	
			Name the concept of Scientific Management that should be	
			adhered to, while manufacturing components for such	
			products.	
			Ans. Standardisation and Simplification of work.	
				1 mark
8	3	1	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.	
			Arun, an established businessman, attended a few	
			seminars and conferences organised by such experts to	
			familiarize himself with this information. He wanted to use	
			these forecast and conjectures to reduce the uncertainty in	
			making decisions for the future in his business.	



			Name the step in the planning process that is being discussed in the above paragraph. Ans. Developing Premises.	1 mark
2	4	5	Q. Amar, the marketing manager of Narmada Garments Ltd. allows the salesmen working under him to freely express their frank opinion and feelings regarding work related matters before him. Identify the organisational barrier to communication that has been overcome because of Amar's behaviour. Ans. Status.	1 mark
1	5	8	Q. Satvikis the finance manager of Mars Ltd. He is facing difficulty in deciding the amount of profit earned by the company that should be distributed as dividend to the shareholders. In the current year the company earned high profit. However, Satvik thinks that it is better to declare higher dividend as he is sure about the earning potential of the company in the coming years. Name the factor that affected Satvik's choice regarding	Aas. Platform
			dividend decision. Ans. Stability of dividend.	1 mark
	6		Q. What is meant by a 'Commercial Paper'? Ans. 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.	1 mark
	7		Q. How does 'Level of competition' affect the working capital requirement of an organisation? State. Ans. Level of competition 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.	1 mark
3	8	4	Q. Give the meaning of leadership. Ans. Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.	1 mark



13	9	10	Q. After completing her studies in product design, Sarah 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 and affordable products on "no profit – no loss basis". The Unique Selling Proposition (U.S.P) of the products will be sensitivity to challenges and needs of the differently abled. She has to follow a series of steps to attain her predetermined objectives. In the above lines, Sarah has discussed about one of the functions of management. Identify the function and state its steps in chronological order other than the one discussed in the above para.	
			Ans. Planning. Steps in the process of Planning are: (i) Developing Premises which involves making assumptions about future, upon which plans are to be withdrawn. (ii) Identifying alternative courses of action which may be used to achieve the set objectives. (iii) Evaluating alternative courses of action and selecting the best alternative which involves scrutinizing the feasibility and consequences of each alternative before a choice is made. (iv) Implementing the plan which involves seeing whether plans are put into action. (v) Follow up which involves seeing that activities are performed according to plans. (If an examinee has not written the steps of the process in correct sequence, ½ mark be deducted.)	1/2 mark for identification + (1/2 mark for each step = 1/2 x 5 = 2 1/2) = 1/2 + 2 1/2 = 3 marks
11	10	13	Q. Miracle 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. Because of increase in the demand for electronic items, they are planning to sell these items also. For this, they have decided to join hands with a Japanese electronic goods manufacturer, to open sales outlets throughout India. State any three factors affecting working capital requirement of Miracle Ltd. other than the factors discussed above.	1 mark for



		Ans. Factors which affect the requirements of working cap	ital
		are: (Any three)	statement
		(i) Business cycle as in case of boom, larger working capita	al is =
		required as the sales and production are more.	1 x 3
		(ii) Seasonal factors as peak season requires higher working	g =
		capital than lean season due to higher level of activity.	
		(iii) Production Cycle as working capital requirement is high	gher 3 marks
		in firms with longer processing cycle.	
		(iv) Credit allowed to customers results in higher amount of	\mathbf{f}
		debtors, increasing the working capital requirement.	
		(v) Operating efficiency as firms managing their raw mater	rials
		efficiently require lesser working capital.	
		(vi) Free and continuous availability of raw materials enable	es
		the firms to keep lesser stock and hence work with smaller	
		working capital.	
		(vii) Higher Growth prospects will require larger amounts	of S
		working capital so that the firm is able to meet higher	1 Cb.
		production and sales targets	
		(viii) Level of competition as higher competition requires	e platform
		larger stocks to meet urgent orders from customers and thu	s platio
		higher working capital.	en,
		(ix) Inflation increases the working capital requirements as	
		larger amount of money is required to maintain a constant	
		volume of production and sales.	
		dia's la'	
		(If an examinee has given only the heading, ½ mark for	
		each heading should be awarded)	
10	11	9 Q. Explain the following methods of training:	
		(i) Vestibule Training; and	
		(ii) Internship Training.	
		Ans. (i) Vestibule Training	
		■ It is a method of training which is imparted with the help	of 1½ marks
		equipments& machines identical to those at the place of	
		work.	+
		■ The training is conducted away from actual work floor ar	
		generally used where the employees are required to hand?	le 1½ marks
		sophisticated machinery.	
			_
		(ii)Internship Training	
		 Internship Training is a joint programme of training bety 	<u>veen</u>
		educational institutions and business firms.	3 marks
		 Besides carrying out regular studies, the trainees also wo 	<u>rk</u>



(i) It may lead to dissatisfaction among existing employees as	1 mark for each statement = 1 x 3 =
9 13 Q. State any three limitations of external sources of	
Duration term and long term securities securities.	1 x 3 = 3 marks



	Ans. Incentives that may be introduced by Irma other than those already introduced by her to further motivate the employees of her company are: (Any two) (i) Status. (ii) Organisational climate. (iii) Employees recognition programme. (iv) Job security. (v) Employee participation. (vi) Employee empowerment. (vii)Pay and Allowances. (viii) Productivity linked wage incentives. (ix)Bonus. (x)Profit sharing. (xi)Co-partnership. (x)Retirement Benefits. (xi) Perquisites.	naming each incentive + 1½ marks for its explanation = 2 marks = 2+2 = 4 marks
	(If an examinee has not given the headings as above but	A Caso.
	has given the correct explanation, full credit should be given)	platform
	Deview peview	
5 14	Q. Vindhya 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 & 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, from toothpaste to biscuits, instant noodles to soaps, shampoos and detergents etc. Their business orientation differs from competitors who are short-sighted and want to maximize profit by maximizing sales. Instead Vindhya Ayurved considers maximization of profit by understanding needs and wants of customers in the target market and development of products or services for satisfying such needs and wants. (i) Identify and explain the marketing management philosophy adopted by Vindhya Ayurved Ltd. (ii) State any two values that are being promoted by the company.	½ mark for identifying + 1½ mark for its explanation = 2 marks
	Ans.(i) Marketing philosophy. Marketing philosophy implies that focus on satisfaction of customer's needs is the key to the success of any organisation in the market. It assumes that in the long run an organisation	1 mark for each value = 1 x 2



			can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way. (ii) Values that are being promoted by the company are:(Any two) (a) Fulfilling social responsibility/ Concern for the society (b) Concern for health (c) Sensitivity towards the environment. (or any other correct value)	= 2 marks = 2+2 = 4 marks
15	16	16	Q. Mr. Raman is the human resource manager of Shanti Hospital in Nellore.He has to appoint nurses for the hospital. For this he has conducted preliminary interviews. Since patients in the hospital are of different types, he has also conducted tests to find out the candidates' maturity and emotions in dealing with the patients. He has also conducted tests to know about the candidates' ability to take decisions. Explain the remaining steps that Mr. Raman should take to complete the selection process. Ans. Remaining steps that Mr. Raman should take to complete the selection process are: (i) Employment interview and Reference and background checks. (ii) Selection decision. (iii) Medical examination. (iv) Job offer and Contract of employment.	½ mark for naming each step + ½ mark for its explanation = 1 x 4 = 4 marks
	17		 Q. State any four features of informal organisation. Ans. Features of Informal Organisation are: (any four) (i) Itoriginates from within the formal organisation. (ii) It emerges spontaneously and is not deliberately created by the management. (iii) The standards of behaviour evolve from group norms. (iv) Independent channels of communication are developed by group members. (v) It has no definite structure or form. 	1 mark for each statement = 1 x 4 =



			(If an examinee has given only the headings, ½ mark for each heading should be awarded)	4 marks
	18		Q. Explain the steps in the process of controlling. Ans. Steps in the process of controlling before taking corrective action are: (i) Setting performance standards (ii) Measuring actual performanceand comparing with standards (iii) Analysing deviations • Critical Point Control • Management by Exception (iv) Taking corrective action (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)	1/2 mark for each heading + 1/2 mark for its explanation = 1 x 4 = 4 marks
	19	15	Q. Reema is one of the most successful managers of her company, Globe Ltd. She knows that the principles of management are intended to apply to all types of organizations, business as well as non-business, small as well as large, public sector as well as private sector. (i) One of the points related to the nature of management principles is being highlighted in the above description. Identify the point. (ii) Explain any three other points of the nature of principles of management other the one identified above. Ans. (i) Universal applicability (ii) Nature of principles of management: (Any three) (a) General guidelines. (b) Formed by practice and experimentation. (c) Flexible. (d) Mainly behavioural. (e) Cause and effect relationship. (f) Contingent	1mark + (½ mark for naming the point + ½ mark for its explanation = 1 x 3 = 3 marks) = 1=3 = 4 marks
22	20	22	Q. Sakaar Foundation is an NGO(Non-Governmental	4 marks
	20		Organization) 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, medicines etc. from donors. AtSakaar Foundation's office in Lucknow 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. 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. The management of Sakaar Foundation does not close its ears to any constructive suggestions made by the volunteers. There is an equal division of work and responsibility between volunteers and management. All the day long the management work side by side the volunteers helping, encouraging and smoothing the way for them. (i) Identify and explain one principle each of 'Scientific Management' and 'General Management 'adopted by Sakaar Foundation. (ii) State any two values that Sakaar Foundation is displaying and promoting in society through their work. Ans.(i)Principle of 'Scientific Management' adopted by Sakaar Foundation: $(1 \frac{1}{2} \text{ marks})$ Cooperation, not individualism: • There should be complete co-operation between the management and the workers instead of individualism. • For all important decisions taken by the management, workers should be taken into confidence. The management should be open to any constructive suggestions made by the employees and suitably reward them. 1 ½ marks Principle of 'General Management 'adopted by Sakaar Foundation:(Any one) Order $1\frac{1}{2} + 1\frac{1}{2}$ The principle of Order states that people and materials must be in suitable places at appropriate time for maximum 3 marks) 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. Order leads to increased productivity and efficiency.



OR

9				To the second se
			 Division of work 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. (ii) Values that Sakaar Foundation is displaying and promoting in society through their work are:(Any two) (a) Concern for the society. (b) Optimum utilization of resources. (c) Sensitivity towards the environment. (or any other correct value) 	1 mark for each value =1 x 2 =2 marks =3+2 = 5 marks
	21		Q. Describe any five points of importance of business environment. Ans.Importance of business environment (Any five): (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. (If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)	1/2 mark for each heading + 1/2 mark for its explanation = 1 x 5 = 5 marks
20	22	20	 Q. Shivam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. Thetubes were received by the chemist from the wholeseller in corrugated boxes containing 20 units. Identify and explain the different levels of packaging of the pain relieving medicine. Ans. Levels of packaging: (a) Primary Packaging The ointment tube is the primary package which refers to the product's immediate container. It is kept till the consumer is ready to use the product or it may be kept throughout the entire life of the product. (b) Secondary Packaging The Cardboard box is the secondary package which refers to 	(½ mark for identification of the level + 1½ mark for its explanation = ½ + 1½ = 2 marks) + (½ mark for



the additional layers of protection. • When the consumer starts using the product, the secondary packing is disposed off. (c) Transportation Packaging • The Corrugated box is the Transportation Package which refers to the package necessary for storage, identification or transportation. (If an examinee has not specified 'ointment tube' as the primary package, 'cardboard box' as the secondary package and 'corrugated box' as transportation packaging, ½ mark per identification may be deducted) 24 23 24 Q. Explain any two reliefs that the Consumer Court can grant to consumers in case of genuine complaints in each of the following situation. (i) Komal was charged more than the printed price for a NCERT business studies book being in short supply. (ii) Kumar was sold a truck with a defective engine. (iii) Suresh suffered injury while using a newly bought defective electric iron. Ans. (i) Reliefs that the Consumer court can grant to the	
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customers are: (Any two)	
(a) To refund the price paid.	
(b) To pay punitive damages.	
(c) To discontinue the unfair/ restrictive trade practice and not +	
to repeat the same in future.	
(d) To pay any amount (not less than 5% of the value of the 1 mark for	
	1 1
book) to be credited to the Consumer Welfare Fund or any each ether ergenisation/person to be utilized in the prescribed	
other organisation/person, to be utilised in the prescribed statement	
manner.	
(e) To pay adequate costs to the appropriate party.	
(ii) Reliefs that the Consumer court can grant to the customers =	
are: (Any two)	
(a) To remove the defect in engine.	
(b) To <u>replace the defective</u> engine with a new one, free from	
any defect.	



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			(c) To refund the price paid.	
			(d) To pay punitive damages.	+
			(e) To pay any amount (not less than 5% of the value of the	
			defective engine) to be credited to the Consumer Welfare Fund	1 mark for
			or any other organisation/person, to be utilised in the	each
			prescribed manner.	statement
			(f) To pay adequate costs to the appropriate party.	
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			(iii)Reliefs that the Consumer court can grant to the customers	
				1 x 2
			are: (Any two)	
			(a) To remove the defect in electrical iron.	_ =
			(b) To replace the defective electrical iron with a new one, free	2 marks
			from any defect.	
			(c) To refund the price paid.	=
			(d) To pay a reasonable amount of compensation for any loss	
			or injury suffered by the consumer due to negligence of the	2+2+2
			opposite party.	5
			(e) To pay punitive damages.	CLO.
			(f) To discontinue the unfair/ restrictive trade practice and not	
			to repeat the same in future.	6 marks
			(g) Not to offer hazardous goods like defective electrical iron	plationing
		1	for sale.	
			· KE	
			(h) To withdraw hazardous goods like defective electrical	
			ironfrom sale.	
		1	(i) To cease manufacture of hazardous goods like defective	
			electrical iron.	
			(j) To pay any amount (not less than 5% of the value of the	
		Y	defective goods) to be credited to the Consumer Welfare Fund	
		()	or any other organisation/person, to be utilised in the	
			prescribed manner.	
			(k) To pay adequate costs to the appropriate party.	
			(If an examinee has given only the heading, ½ mark for	
			each heading should be awarded)	
			Jack House Silvaia Statiates,	
23	24	23	Q. Radha is an enterprising businesswoman who has been	
			running a fishery for the past ten years. She has saved ₹10	
			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 equipment with latest technology, opening	
			a new branch of the fishery in another village and so on.	
			Since these decisions are crucial for her business, involve	
			huge amount of money and are irreversible except at huge	
			cost, Radha wants to analyze all aspects of the	
				<u> </u>



			decision, before taking any step. (i) Identify and explain the financial decision to be taken by Radha. (ii) Also explain briefly any two factors that affect this decision.	½ mark for identifying
			Ans. (i) Investment decision/ Capital budgeting decision	1 mark for its
			Investment/ Capital budgeting decision involves deciding about how the funds are invested in different assets so that	explanation = 1 ½ marks
			they are able to earn the highest possible return for their investors.	+ ¹ / ₂ mark for
			(ii) Eastons that affect assistant budgeting designer and (Amer	naming the factor
			(ii) Factors that affect capital budgeting decision are: (Any two)(a) Cash flows of the project	1 marks for each
			(b) Rate of return of the project.(c) Investment criteria.	explanation =
			(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)	$1\frac{1}{2} \times 3$ = $4\frac{1}{2}$
			(If an examinee has only given the headings, ½ mark may	$= \frac{1 \frac{1}{2}}{1 \frac{1}{2} + 4 \frac{1}{2}}$
			be awarded for each correct point)	= 6 marks
-	25	- (Q. The functional structure of organisation has certain	½ mark for
			advantages and disadvantages which an enterprise must	each
			take into consideration before adopting it.' Explain any such three advantages and any three disadvantages of this	heading +
			structure.	½ mark for its
			Ans. Advantages of Functional Structure: (any three) (a) Leads to occupational specialisation	explanation
			(b) Promotes control and coordination(c) Increases efficiency	1 x 3
			(d) Low cost	=
			(e) Makes training easier	3 marks
			(f) Due attention to different functions	
			(If an examinee has given only the heading, ½ mark for	½ mark for
			each heading should be awarded)	each heading
			Disadvantages of Functional structure are: (any three)	½ mark for
			(a) Creation of functional empires	its
			(b) Problems in coordination	explanation



(c) Inter-departmental conflicts	
(d) Lack of accountability	=
(e) Inflexibility	1 x 3
(f) Restriction in managerial development.	=
	3 marks
(if an examinee has not given the headings as above but	=
have given the correct explanations, full credit should be	3+3
given)	=
	6 marks



