


<b>MARKING SCHEME– 2022-23</b> <b>BUSINESS STUDIES</b> <b>66/5/1</b> <b>EXPECTED ANSWERS / VALUE POINTS</b>		Marks
<b>1</b>	<p><b>Q. The next step in the ‘Selection Process’ after ‘Selection Decision’ is</b></p> <p><b>(A) Job Offer</b>  <b>(B) Medical Examination</b>  <b>(C) Selection Test</b>  <b>(D) Contract of Employment</b></p> <p><b>Ans. (B) Medical Examination</b></p>	<b>1 mark</b>
<b>2</b>	<p><b>Q. The purpose of planning is to meet future events effectively to the best advantage of an organisation. This statement highlights which of the following features of planning?</b></p> <p><b>(A) Planning focuses on achieving objectives.</b>  <b>(B) Planning involves decision making.</b>  <b>(C) Planning is the primary function of management.</b>  <b>(D) Planning is futuristic.</b></p> <p><b>Ans. (D) Planning is futuristic.</b></p>	<b>1 mark</b>
<b>3</b>	<p><b>Q. Identify the external source of recruitment illustrated by the picture given below:</b></p> <div style="text-align: center;">  <p>The image shows a factory gate with a sign that reads "REQUIRED MERCHANDISER" and "सिक््योरिटी गार्ड अनिवार्य योग्यता दसवीं पास".</p> </div>	

	<p>(A) Direct Recruitment  (B) Casual Callers  (C) Advertisement  (D) Labour contractor</p> <p>Ans. (A) Direct Recruitment</p>	1 mark
4	<p><b>Q. “Cartoony Planet’ is a well-known indoor playground for organising parties for children in Noida. It has many play-stations and it organises various activities for the kids to enjoy. Looking at the increasing number of children visiting ‘Cartoony Planet’, a new indoor playground in the name of ‘Tiny-Tots House’ came up with advanced swings, play stations and entertainment activities near ‘Cartoony Planet’.</b></p> <p><b>To compete with the newly opened indoor playground, ‘Cartoony Planet’ also added some advanced swings and entertainment activities to attract more children.</b></p> <p><b>The above information highlights one of the features of business environment. Identify the feature from the following:</b></p> <p>(A) Uncertainty  (B) Dynamic Nature  (C) Relativity  (D) Interrelatedness</p> <p>Ans. (B) Dynamic Nature</p>	1 mark
5	<p><b>Q. The obligation of a subordinate to properly perform the assigned duty is called:</b></p> <p>(A) Authority  (B) Responsibility  (C) Accountability  (D) Decentralisation</p> <p>Ans. (B) Responsibility</p>	1 mark
6	<p><b>Q. ‘Dolma’ and ‘Una’ were gardners with decades of hands-on experience. They were the first one to recognise the need of</b></p>	

	<p>indoor gardens specially for plant-lovers living in apartments. They took advantage of this opportunity and decided to offer beautiful designing ideas for indoor gardening through their innovative venture 'My Space'.</p> <p>'My Space' offered creative ideas like 'Garden wall', 'Hanging Garden', 'Window Garden', 'Book-shelf garden and many more. Since there were no competitors they soon became the market leaders in the field.</p> <p>From the following points identify the importance of Business Environment highlighted above:</p> <p>(A) Business Environment helps the firm to identify threats and early warning signals.</p> <p>(B) Business Environment helps in tapping useful resources.</p> <p>(C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.</p> <p>(D) Business Environment helps in assisting in planning and policy formulation</p> <p>Ans. (C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.</p>	<p>1 mark</p>
<p>7</p>	<p>Q. 'Digilocker' is a flagship initiative of 'Ministry of Electronics and IT', Government of India. It aims at digital empowerment of the citizens by providing access to authentic digital documents such as academic certificates issued by different Examination Boards, Driving Licenses, Vehicle registrations etc. in a digital format.</p> <p>The above para discusses a few dimensions of Business Environment.</p> <p>Identify the correct dimensions from the following:</p> <p>(A) Economic Environment and Technological Environment</p> <p>(B) Social Environment and Economic Environment</p> <p>(C) Social Environment and Political Environment</p> <p>(D) Political Environment and Technological Environment</p> <p>Ans. (D) Political Environment and Technological Environment</p>	<p>1 mark</p>
<p>8</p>	<p>Different organisations have different goals. 'Zeepo' is an upcoming retail chain for providing consumer goods door-to-</p>	

	<p>door, the objective of this organisation is to increase sales. 'Allie' is an educational organisation working with an objective of providing education to under privileged children of the society. Management of each of these organisations unite the efforts of their employees towards achieving organisational goals. The characteristic of management discussed above is:</p> <p>(A) Management is goal-oriented.  (B) Management is a continuous process.  (C) Management is a dynamic function  (D) Management is an intangible force.</p> <p>Ans. (A) Management is goal-oriented.</p>	<p>1 mark</p>
<p>9</p>	<p>Q. 'Whether the decisions have been translated into desired actions or not' can be confirmed by performing which of the following function of management?</p> <p>(A) Planning  (B) Organising  (C) Directing  (D) Controlling</p> <p>Ans. (D) Controlling</p>	<p>1 mark</p>
<p>10</p>	<p>Q. Himanshu is working as a 'Marketing Manager' in 'Suvidit-Air-Conditioners', a well known brand in the field of air-conditioners. Till last month the company was able to achieve its sales targets. But this month Himanshu observed that targets were not being met and the number of air-conditioners sold was decreasing. He analysed the situation and found that the new salesman appointed last month was not good and for this he took necessary action. Which of the following function of management helped Himanshu to identify the decrease in sale</p> <p>(A) Planning  (B) Organising  (C) Directing  (D) Controlling</p>	

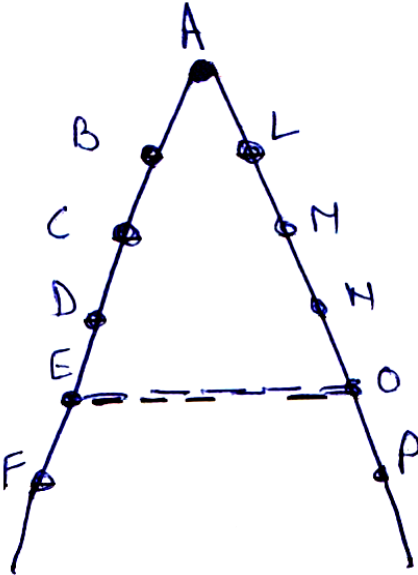
	<b>Ans. (D) Controlling</b>		<b>1 mark</b>												
<b>11</b>	<p><b>Q. The activities whose outcome not only improves the job performance but also help individuals in the progress towards maturity and actualisation of their potential capacities is known as</b></p> <p><b>(A) training.</b>  <b>(B) education.</b>  <b>(C) development.</b>  <b>(D) performance appraisal</b></p> <p><b>Ans. (C) development.</b></p>		<b>1 mark</b>												
<b>12</b>	<p><b>Q. Statement-I: The concept of product relates to not only the physical product but also the benefits offered by it from customer's point of view.</b></p> <p><b>Statement-II: The concept of product does not include the extended product by way of after sale services, availability of spare parts, handling complaints etc.</b></p> <p><b>Choose the correct option from the following</b></p> <p><b>(A) Both Statement-I and Statement-II are correct.</b>  <b>(B) Both Statement-I and Statement-II are incorrect.</b>  <b>(C) Statement-I is correct and Statement-II is incorrect</b>  <b>(D) Statement-I is incorrect and Statement-II is correct.</b></p> <p><b>Ans. (C) Statement-I is correct and Statement-II is incorrect.</b></p>		<b>1 mark</b>												
<b>13</b>	<p><b>Q. Match the factors affecting fixed capital requirements given in the Column-I with their explanations given in Column-II:</b></p> <table border="1"> <thead> <tr> <th></th> <th><b>Column – I</b></th> <th></th> <th><b>Column - II</b></th> </tr> </thead> <tbody> <tr> <td><b>A</b></td> <td><b>Nature of Business</b></td> <td><b>i.</b></td> <td><b>A trading organisation needs lower investments in fixed assets as compared to a manufacturing organisation.</b></td> </tr> <tr> <td><b>B</b></td> <td><b>Technology upgradation</b></td> <td><b>ii.</b></td> <td><b>A textile manufacturing company is installing a cement manufacturing</b></td> </tr> </tbody> </table>				<b>Column – I</b>		<b>Column - II</b>	<b>A</b>	<b>Nature of Business</b>	<b>i.</b>	<b>A trading organisation needs lower investments in fixed assets as compared to a manufacturing organisation.</b>	<b>B</b>	<b>Technology upgradation</b>	<b>ii.</b>	<b>A textile manufacturing company is installing a cement manufacturing</b>
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	<b>Ans. (A) advertising.</b>	<b>1 mark</b>
<b>16</b>	<p><b>Q. Which of the following statements is <u>incorrect</u>?</b></p> <p><b>(A) Capital Market refers to facilities and institutional arrangements through which long-term funds, both debt and equity are raised and Invested.</b></p> <p><b>(B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.</b></p> <p><b>(C) Primary Market is the Market where only buying of securities takes place. Securities can not be sold there.</b></p> <p><b>(D) Money Market is a market for short term funds which deals in monetary assets whose period of maturity is upto one year.</b></p> <p><b>Ans. (B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.</b></p>	<b>1 mark</b>
<b>17</b>	<p><b>Q. A name, term, sign, symbol, design or some combination of them used to Identify the products – goods or services of one seller or group of sellers and to differentiate them from those of the competitors is known as</b></p> <p><b>(A) brand.</b></p> <p><b>(B) Brand mark</b></p> <p><b>(C) brand name.</b></p> <p><b>(D) trade mark.</b></p> <p><b>Ans. (A) brand.</b></p>	<b>1 mark</b>
<b>18</b>	<p><b>Q. From the following, identify the channel of distribution in which goods pass from the manufacturer to the retailers who, in turn, sell them to the final users.</b></p> <p><b>(A) One level channel</b></p> <p><b>(B) Two level channel</b></p> <p><b>(C) Three level channel</b></p> <p><b>(D) Zero level channel</b></p> <p><b>Ans. (A) One level channel</b></p>	<b>1 mark</b>

19	<p><b>Q. Which of the following statements is incorrect about Personal Selling?</b></p> <p><b>(A) It is a direct face to face dialogue that involves an interactive relationship between the seller and buyer.</b></p> <p><b>(B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.</b></p> <p><b>(c) It allows a sales-person to develop personal relationship with the prospective customers.</b></p> <p><b>(D) In this it is possible to take a direct feedback from the customer and to adopt the presentation according to the needs of the prospects.</b></p> <p><b>Ans. (B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.</b></p>	1 mark
20	<p><b>Q. Which of the following is NOT a factor affecting capital structure of a company ?</b></p> <p><b>(A) Cost of Debt</b></p> <p><b>(B) Growth Opportunities</b></p> <p><b>(C) Cash Flow Position</b></p> <p><b>(D) Interest Coverage Ratio</b></p> <p><b>Ans. (B) Growth opportunities</b></p>	1 mark
21	<p><b>Q. Monika, Rashmi and Garima are childhood friends. After completing their education, Monika joined a school as a teacher. Rashmi joined a firm as a Chartered Accountant and Garima as a General Manager in a MultiNational Company. After a long time in a re-union function of the school, they met each other. Rashmi said that they were all professionals now. Garima told Rashmi that she can say this about Monika and herself, but not about her since Manager is not considered a full fledged professional. Why did Garima say that she was not a professional? State any three points in support of your answer.</b></p> <p><b>Ans. Garima said that she is not a professional as management is not</b></p>	

	<p>considered as a full fledged profession because of the following reasons: <b>(Any three points)</b></p> <p>(i) <b>Restricted Entry:</b> There is no restriction on anyone being designated or appointed as Manager in any business enterprise. Any one can be called a manager irrespective of educational qualifications possessed as compared to other professions like a doctor, a lawyer etc.</p> <p>(ii) <b>Professional Association:</b> There are several associations of practicing managers in India like AIMA (All India Management Association) but there is no compulsion for managers to be members of such associations nor does it have any statutory backing unlike other professions.</p> <p>(iii) <b>Ethical code of conduct:</b> All professionals are bound by a code of conduct which guides the behaviour of its members, which is not followed by manager though AIMA has laid down a code of conduct to regulate the activities of their members.</p> <p>(iv) <b>Service Motive:</b> The basic motive of a profession is to serve their clients interests by rendering dedicated and committed service whereas the basic purpose of management is to help the organization to achieve its stated goal which is profit maximisation.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p><b>1 mark for each reason</b> = <b>1 x 3</b> = <b>3 marks</b></p>
22	<p><b>Q. Vibhu joined as a Chief Executive Officer. (CEO) of 'Mega Marut Ltd.', a firm manufacturing cars. On the first day he addressed his subordinates saying that organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. He also added that for routine matters a worker can not directly contact the CEO but in an emergency he/she may contact directly. Vibhu discussed an important principle of management. Identify and explain the principle with the help of an example.</b></p> <p><b>Ans.</b> Principle of management discussed by Vibhu is 'Scalar Chain'.</p> <p>Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers</p>	

	<p>and the subordinates. The formal lines of authority from highest to lowest ranks are known as <b>Scalar Chain</b>.</p> <p>Example: Let us consider a situation where there is one head 'A' who has two lines of authority under her/him. One line consists of B-C-D-E-F. Another line of authority under 'A' is L-M-N-O-P. If 'E' has to communicate with 'O' who is at the same level of authority then he/she has to transverse the route E-D-C-B-A-L-M-N-O. This is due to the Scalar chain being followed in this case. <b>This is for routine matters.</b> But in case of emergency 'E' may directly contact 'O' through <b>Gang Plank</b>.</p> 	<p><b>1 mark for identifying the principle</b> + <b>1 marks for correct explanation</b> + <b>1 mark for correct example</b> = <b>1+1+1</b> = <b>3 marks</b></p>
23	<p><b>Q. (a) Explain - (i) Accomplishing organisational goals and (ii) Judging accuracy of standards as importance of controlling function of management.</b></p> <p><b>Ans. (i) <u>Accomplishing organisational goals</u></b></p> <ul style="list-style-type: none"> <li>▪ The controlling function measures progress towards the organisational goals and brings to the light the deviations, if any.</li> <li>▪ It indicates corrective action.</li> <li>▪ It thus guides the organisation and keeps it on the right track so that organisational goals might be achieved.</li> </ul> <p><b>(ii) <u>Judging Accuracy of standards</u></b></p> <ul style="list-style-type: none"> <li>▪ A good control system enables mgt. to verify whether the standards set are accurate or not.</li> <li>▪ It keeps a careful check on the changes taking place in the organisation.</li> </ul>	<p><b>1½ marks</b></p> <p><b>1½ marks</b></p> <p>=</p>

	<ul style="list-style-type: none"> <li>▪ Then it helps to review and revise the standards in light of such changes.</li> </ul> <p style="text-align: center;"><i>(Or any other correct explanation)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. (b) Explain the following as steps in the process of controlling:</b>  <b>(i) Setting performance Standards (ii) Measurement of actual performance</b></p> <p>(i) <u>Setting Performance Standards</u></p> <ul style="list-style-type: none"> <li>▪ Standards are the criteria against which actual performance would be measured.</li> <li>▪ Standards can be set in both quantitative as well as qualitative terms.</li> <li>▪ It is important that standards should be flexible enough to be modified whenever required.</li> </ul> <p>(ii) <u>Measurement of Actual Performance</u></p> <ul style="list-style-type: none"> <li>▪ Performance should be measured in an objective and reliable manner.</li> <li>▪ Performance should be measured in the same units in which standards are set as this would make their comparison easier.</li> <li>▪ There are various techniques for measurement of performance like personal observation, sample checking, performance reports etc. Wherever possible, measurement of work should be done during the performance not after the task is completed.</li> </ul> <p style="text-align: center;"><i>(Or any other correct explanation)</i></p>	<p><b>3 marks</b></p> <p><b>OR</b></p> <p><b>1 ½ marks</b></p> <p><b>1 ½ marks</b></p> <p><b>=</b></p> <p><b>3 marks</b></p>
24	<p><b>Q. (a) State any three Development functions of Securities and Exchange Board of India.</b></p> <p><b>Ans. <u>Development functions of Securities and Exchange Board of India:</u></b></p> <p>(a) <u>Training of intermediaries</u> of the securities market.</p> <p>(b) <u>Conducting research and publishing information</u> useful to all market participants.</p>	<p><b>1 x 3</b></p> <p><b>=</b></p>

<p>(c) <u>Undertaking measures to develop the capital markets</u> by adopting a flexible approach.</p>	<p><b>3 marks</b></p>
<p><b>OR</b></p>	
<p><b>Q. (b) State any three factors that affect the working capital requirements of a company.</b></p>	<p><b>OR</b></p>
<p><b>Ans. <u>Factors affecting working capital requirements of a company:</u></b> <b><u>(Any three)</u></b></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><b>1 x 3</b> <b>=</b></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><b>3 marks</b></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) Free and continuous <u>availability of raw materials</u> enables the firms to keep lesser stock and hence work with smaller working capital.</p>	

	<p>(j) Higher <u>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 volume of production and sales.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	
25	<p><b>Q. (a) Filling vacancies for various job positions from within the organisations has many benefits. State any four such benefits.</b></p> <p><b>Ans.</b> <u>Benefits of filling vacancies for various job positions from within the organisation: (Any four)</u></p> <p>(i) It <u>simplifies the process of selection and placement</u>. It is the more reliable way of recruitment since candidates are already known to the organisation.</p> <p>(ii) People recruited from within the organization <u>do not need induction training</u>.</p> <p>(iii) It has the <u>benefit of shifting workforce</u> from the surplus department to those where there is shortage of staff.</p> <p>(iv) It <u>motivates the employees</u> to improve their performance and get a chance of promotion at higher level.</p> <p>(v) It is a <u>cheaper source</u> as compared to getting candidates from outside/external sources.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> <p><i>(If an examinee has given the correct statement without giving the</i></p>	<p><b>1 x 4</b> = <b>4 marks</b></p>

	<p><i>headings, full marks for each statement is to be awarded)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. (b) Staffing not only helps in discovering and obtaining competent personnel for various jobs but also ensures some more benefits to the organisation. State any four such benefits.</b></p> <p><b>Ans.</b> <u>Staffing is considered an important function of management because of the following reasons: (any four)</u></p> <p>(i) It results in higher <u>performance</u> by putting right person on the right job.</p> <p>(ii) It <u>ensures continuous survival and growth</u> of the enterprise through the succession planning for managers.</p> <p>(iii) It <u>ensures optimum utilization of human resources</u> by avoiding overmanning. It prevents underutilization of personnel and high labour costs.</p> <p>(iv) It <u>improves job satisfaction and morale</u> of employees through objective assessment and fair reward for their contribution.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>1 x 4 = 4 marks</b></p>
26	<p><b>Q. (a) State any four elements involved in the communication process.</b></p> <p><b>Ans.</b> Elements involved in communication process are: <b>(Any four)</b></p> <p><u>Sender:</u> The person who conveys his thoughts or ideas to the receiver</p> <p><u>Message:</u> It is the content of ideas, feelings, suggestions, order etc. intended to be communicated</p> <p><u>Encoding :</u> It is the process of converting the message into communication symbols such as words, pictures, gestures etc.</p>	

<p><u>Media</u> : It is the path through which encoded message is transmitted to receiver. The channel may be in written form, face to face, phone call, Internet etc.</p> <p><u>Decoding</u>: It is the process of converting encoded symbols of the sender.</p> <p><u>Receiver</u>: The person who receives communication of the sender.</p> <p><u>Feedback</u>: It includes all those actions of the receiver indicating that he has received and understood message of sender.</p> <p><u>Noise</u>: It means some obstruction or hindrance to communication. This hindrance may be caused to sender, message or receiver.</p> <p><i>(If an examinee has only listed the elements, ½ mark for each element should be awarded)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) State any four semantic barriers of communication.</b></p> <p><b>Ans. <u>Semantic barriers to communication</u>: (Any four)</b></p> <p>(i) <u>Badly expressed message</u> in which the intended meaning may not be conveyed on account of inadequate vocabulary, usage of wrong words, omission of needed words etc.</p> <p>(ii) <u>Symbols with different meanings</u> where a word may have several meanings and receiver has to perceive one such meaning for the word used by communicator.</p> <p>(iii) <u>Faulty translations</u> where the communication drafted in one language is not properly translated in a language understandable to workers.</p> <p>(iv) <u>Unclear assumptions</u> where communication may have certain assumptions which are subject to different interpretations.</p>	<p style="text-align: center;"><b>1 x 4 = 4 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>1 x 4 = 4 marks</b></p>
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	<p>(v) <u>Technical jargon</u> where the specialists use it to explain something to persons who are not specialists in the concerned field as a result of which it is not understood clearly by the receiver.</p> <p>(vi) <u>Body language and gesture decoding</u> becomes a barrier when there is no match between what is said and what is expressed in body movements.</p> <p><i>(If an examinee has only listed the barriers, ½ mark for each barrier should be awarded)</i></p>	
27	<p><b>Q. Mahamana Enterprises is not only giving salary to its employees but it also offers bonus to them over and above the salary. To further encourage the employees, it announced that it will provide a share in the profits of the company to them. These incentives are helpful in increasing the purchasing power of the employees. State four other incentives of the type of incentive discussed in the above para.</b></p> <p><b>Ans.</b> Four other incentives of the type of incentive discussed in the above para are as follows:</p> <p>(i) <u>Productivity linked wage incentive</u> involves linking payment of wages of employees to the increase in their productivity at individual or group level.</p> <p>(ii) <u>Co-partnership/Stock option</u> is an incentive under which the employees are offered company shares at a set price which is lower than market price.</p> <p>(iii) <u>Retirement Benefits</u> include benefits such as provident fund, pension and gratuity that provide financial security to employees after their retirement.</p> <p>(iv) <u>Perquisites</u> include incentives such as car allowance, housing, medical aid and education to the children etc., which are offered over and above the salary.</p> <p><i>(If an examinee has only listed the incentives, ½ mark for each incentive should be awarded)</i></p>	<p><b>1 x 4</b> = <b>4 marks</b></p>

28	<p><b>Q. State any four factors affecting the decision that determines the overall cost of capital and the financial risk of the enterprise.</b></p> <p><b>Ans.</b> The four factors affecting the decision that determines the overall cost of capital and the financial risk of the enterprise (Financing decision) are:</p> <p>(i) <u>Cost</u> of different sources of finance as some sources may be cheaper than others.</p> <p>(ii) <u>Risk</u> associated with different sources of finance is different.</p> <p>(iii) Higher the <u>floatation costs</u>, less attractive the source.</p> <p>(iv) A stronger <u>cash flow position</u> may make debt financing more viable than funding through equity.</p> <p>(v) With higher <u>fixed operating costs</u>, lower fixed financing costs should be opted for.</p> <p>(vi) Issue of more equity may lead to dilution of management's <u>control</u> over the business.</p> <p>(vii) <u>State of the capital market</u> is considered while taking financing decision as in a depressed capital market, issue of equity shares may be difficult.</p> <p><i>(If an examinee has given only the heading, 1/2 mark for each heading should be awarded)</i></p>	<p>1 x 4 = 4 marks</p>
29	<p><b>Q. Harish is working as a finance manager in 'Kozee Softwares Ltd.' He has been awarded 'Best employee of the year Award' because of his foresightedness. He always aims at smooth operations of all the financial activities by focusing on fund requirements and their availability in the light of financial decisions. He takes into consideration the growth, performance, investments and requirement of funds for a given period so that financial resources are not left idle and don't unnecessarily add to the cost.</b></p> <p><b>By doing all this Harish strives to achieve the two main objectives of an important concept of financial management.</b></p>	

	<p><b>Identify the concept and explain its two objectives.</b></p> <p><b>Ans.</b> The important concept of financial management discussed is <u>Financial Planning</u>.</p> <p><u>Two objectives are:</u></p> <p><b>(i) To ensure availability of funds whenever required:</b></p> <ul style="list-style-type: none"> <li>▪ This includes a <u>proper estimation of the funds required for different purposes</u> such as for the purchase of long-term assets or to meet day-to-day expenses of business etc.</li> <li>▪ To <u>estimate the time at which these funds are to be made available</u> and to <u>specify possible sources of these funds</u>.</li> </ul> <p><b>(ii) To see that the firm does not raise resources unnecessarily:</b></p> <p>Financial planning ensures that <u>enough funds are available at right time</u>.</p> <ul style="list-style-type: none"> <li>▪ If <u>adequate funds are not available</u> the firm will not be able to honour its commitments and carry out its plans.</li> <li>▪ On the other hand, if <u>excess funds are available</u>, it will unnecessarily add to the cost.</li> </ul>	<p><b>1 mark for identifying the concept</b></p> <p>+ <b>½ mark for each heading</b></p> <p>+ <b>1 mark for each explanation</b></p> <p>= <b>1+1+2</b></p> <p>= <b>4 marks</b></p>
30	<p><b>Q. Sameeksha is a Class-XII student having Business Studies as one of her subjects. After studying 'Consumer Protection' as one of the chapters in Business-Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipies. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of 'Bread Maker' available in the market and compared their price, so that an intelligent and wise choice can be made. Then she went to a near by market to buy it. Being an informed consumer she looked for the Standardization Mark, negotiated the price printed on the label, checked the date of manufacturing and asked for guarantee or warranty of the product. After satisfying with all the concerned information she</b></p>	

	<p><b>purchased the Bread Maker and as a responsible consumer asked for the cash-memo. After coming back home she opened the packaging of the Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Bread Maker step-by-step and succeeded in making nice 'Atta Bread' for her family. Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker' State any four responsibilities fulfilled by Sameeksha besides asking for a cash-memo.</b></p> <p><b>Ans.</b> Responsibilities that Sameeksha has fulfilled besides asking for a cash memo are: <b>(Any four)</b></p> <p>(i) <u>Be aware</u> about various goods and services available in the market so that an <u>intelligent and wise choice can be made.</u></p> <p>(ii) <u>Buy only standardised goods</u> as they provide quality assurance e.g. standardization mark.</p> <p>(iii) <u>Learn</u> about the <u>risks</u> associated with products and services, <u>follow manufacturer's instructions</u> and using the products safely.</p> <p>(iv) <u>Read labels carefully</u> so as to have information about <u>prices, net weight, manufacturing and expiry dates, etc.</u></p> <p>(v) <u>Assert yourself</u> to get a <u>fair deal.</u></p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p><b>1 x 4 = 4 marks</b></p>
<p><b>31</b></p>	<p><b>Q. (a) Explain: (i) 'Science not Rule of Thumb' as a principle of management and (i) Method Study' and 'Time Study' as techniques of Scientific Management.</b></p> <p><b>Ans.</b></p> <p>(i) <u>Science not rule of thumb</u></p> <ul style="list-style-type: none"> <li>▪ It states that there was only one best method to maximise efficiency.</li> </ul>	

<ul style="list-style-type: none"> <li>▪ This method can be developed through scientific study and analysis of each element of a job and should substitute 'Rule of Thumb' and should be followed throughout the organisation.</li> </ul>	<p>2 marks</p>
<p>(ii) <u>Method Study</u></p> <ul style="list-style-type: none"> <li>▪ It is a technique 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.</li> <li>▪ It helps to minimize the cost of production and maximize quality and satisfaction of the customer.</li> </ul>	<p>2 marks</p>
<p><u>Time Study</u></p> <ul style="list-style-type: none"> <li>▪ It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job.</li> <li>▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.</li> </ul> <p style="text-align: center;"><i>(Or any other correct explanation)</i></p>	<p>2 marks</p> <p>=</p> <p>2+2+2</p> <p>=</p> <p>6 marks</p>
<p style="text-align: center;"><b>OR</b></p> <p><b>Q. (b) Explain: (a) 'General Guidelines' as a feature of principles of management, (ii) Providing managers with useful insights into reality and fulfilling social responsibilities as significance of principles of management.</b></p> <p><b>Ans.</b></p> <p>(i) <u>General Guidelines</u></p> <p>The principles of management are guidelines to action but do not provide readymade straitjacket solutions to all managerial problems.</p>	<p style="text-align: center;"><b>OR</b></p> <p>2 marks</p>



<ul style="list-style-type: none"> <li>▪ A budget is plan which states expected results of a given future period in numerical terms. It may be expressed in time, money or physical units.</li> <li>▪ It is an instrument of both planning and control.</li> <li>▪ It comes under planning as making a budget involves forecasting. It is also a control device as actual figures can be compared with expected figures and deviations taken care of.</li> </ul> <p style="text-align: center;"><i>(Or any other correct explanation)</i></p> <p style="text-align: center;"><b>OR</b></p>	<p><b>3 marks</b></p> <p>=</p> <p><b>6 marks</b></p> <p><b>OR</b></p>
<p><b>Q. (b) Explain the following as limitations of planning:</b></p> <p><b>(i) Planning leads to rigidity.</b></p> <p><b>(ii) Planning may not work in a dynamic environment.</b></p> <p><b>Ans. <u>Planning leads to rigidity</u></b></p> <ul style="list-style-type: none"> <li>▪ Plan is drawn with specific targets within a specific time frame</li> <li>▪ Once the plans are drawn, the managers may not be in a position to change them</li> <li>▪ Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest</li> </ul> <p><b><u>Planning may not work in a dynamic environment</u></b></p> <ul style="list-style-type: none"> <li>• The business environment is dynamic. The organization has to constantly adapt itself to changes in environment by making changes in its plans.</li> <li>• It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity etc.</li> <li>• Planning cannot foresee everything and, thus, there may be</li> </ul>	<p><b>3 marks</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p>

	obstacles to effective planning.	6 marks
33	<p><b>Q. 'Best Electronics started manufacturing washing machines under the brand name 'Amaze'. Once the washing machines were manufactured, packaged, branded, priced and promoted, they had to be made available to the customers at the right place, in the right quantity and at the right time. 'Best Electronics' provided for accurate and speedy processing of orders so that the washing machines reach the customers in time, in the right quantity and specifications. They also ensured that the washing machines are physically made available to the customers. Further, 'Best Electronics arranged for facilities to store the washing machines at different locations near the market to minimize the charges on transportation. Explain any three components of physical distribution discussed in the above case.</b></p> <p><b>Ans.</b> The three components of Physical Distribution discussed in above case are:</p> <p><b>(i) <u>Order processing</u></b></p> <ul style="list-style-type: none"> <li>▪ Products flow from manufacturers to customers via channel members while orders flow in the reverse direction from customers to the manufacturers.</li> <li>▪ A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which goods will reach the customers late or in wrong quantity</li> </ul> <p><b>(ii) <u>Transportation</u></b></p> <ul style="list-style-type: none"> <li>▪ It is the means of carrying goods and raw materials from the point of production to the point of sale.</li> <li>▪ It is an important component because unless the goods are physically made available the sale cannot be completed.</li> </ul> <p><b>(iii) <u>Warehousing</u></b></p> <ul style="list-style-type: none"> <li>▪ It refers to the act of storing and assorting products in order to create time utility to them. The basic purpose is to arrange</li> </ul>	<p><b>2 marks for each explanation</b></p> <p>=</p> <p><b>2 x 3</b></p> <p>=</p> <p><b>6 marks</b></p>

	<p>placement of goods and provide facilities to store them.</p> <ul style="list-style-type: none"> <li>▪ The need arises because there may be difference between the time a product is produced and the time it is required for consumption.</li> </ul> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p>	
34	<p><b>Q. Due to spread of COVID-19 pandemic, employees of almost all the companies were working online from their homes. In 2022 when most of the companies called them back to their office and started working offline, ‘Taty Software Ltd.’ still asked their employees to work from home. Because of this, employees of Taty Software Ltd. were feeling bored, hence for recreation they formed a cricket-club. They started meeting every Saturday and Sunday on a ground near their office building.</b></p> <p><b>(i) Identify and state the type of organisation formed by the employees of 'Taty Software Ltd.'</b></p> <p><b>(ii) Also, state any two advantages and two limitations of the type of organisation identified in (i) above.</b></p> <p><b>Ans. (i)</b> The type of organization so formed is ‘<b>Informal Organization</b>’.</p> <p><b>Informal organization</b> is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another.</p> <p style="text-align: center;"><i>(or any other correct meaning)</i></p> <p><b>(ii) <u>Advantages of Informal Organisation: (Any two)</u></b></p> <p>(i) It leads to <u>faster spread of information</u> as well as a quick feedback.</p> <p>(ii) It fulfills the <u>social needs</u> of the members.</p> <p>(iii) It contributes towards fulfillment of organisational objectives by <u>compensating for inadequacies in the formal organisation.</u></p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p><b>1 mark for identifying + 1 mark for correct statement + 1 mark for each advantage = 1 x 2 = 2 marks + 1 mark for each limitation = 1 x 2</b></p>

<p><u>Limitations of informal organisation: (Any two)</u></p> <p>(i) It leads to <u>spread of rumours</u> which becomes a destructive force and may go against the interest of the formal organisation.</p> <p>(ii) It may lead to <u>resistance to change which may delay or restrict growth</u>.</p> <p>(iii) It <u>pressurizes members to conform to group expectations</u> which may be against organisational interest.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>=</p> <p><b>2 marks</b></p> <p>=</p> <p><b>1+1+2+2</b></p> <p>=</p> <p><b>6 marks</b></p>
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