

6 6 /5 /1	MARKING SCHEME-66/5/1 BUSINESS STUDIES (054) EXPECTED ANSWERS / VALUE POINTS	Marks
	SECTION A	
1	<p>Q. 'Vanguard Inc.', a company manufacturing footwear for men, women and children has been earning consistent profits for the last many years. It has a democratic style of working. Workers are encouraged to develop and carry out plans for improvement in the organisation. Varun who is working in the production department gave a suggestion which resulted in 10% reduction in the cost of production of shoes. He was rewarded for his suggestion. Identify the principle of management followed by 'Vanguard Inc.' in the above case:</p> <p>(A) Esprit De Corps (B) Subordination of Individual Interest to General Interest (C) Initiative (D) Equity</p> <p>Ans. (C) Initiative</p>	1 mark
2	<p>Q. 'Child-O' is a garment manufacturing company which makes clothes with unique and stylish designs for children. Naisha was working as the Human Resource Manager with 'Child-O'. In spite of good pay and many other benefits offered, the company is facing problem of high turnover of its employees. Naisha tried to find out the reason but could not. She appointed a person with the permission of the Chief Executive Officer to find out the reason. It was found that other organisations were giving more autonomy and authority to their employees which made them feel that their jobs were important. This was attracting the employees of 'Child-O' to other organisations. The incentive which attracted the employees of Child-O' to other organisations is:</p> <p>(A) Employee Recognition programmes (B) Employee Participation (C) Career Advancement Opportunity (D) Employee Empowerment</p>	

	<p>Ans. (D) Employee Empowerment</p>	<p>1 mark</p>
<p>3</p>	<p>Q. 'Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment'. Thus it is relatively easier to understand the environment in parts but difficult to grasp in its totality. Identify the feature of business environment highlighted above:</p> <p>(A) Uncertainty (B) Complexity (C) Relativity (D) Dynamic nature</p> <p>Ans. (B) Complexity</p>	<p>1 mark</p>
<p>4</p>	<p>Q. Naman and Vineet were childhood friends and both were working in 'Sunshine Crockery. Naman was working as the Chief Executive Officer while Vineet was the Production Manager. They would generally discuss company related issues over lunch-time or while travelling together. The company had recently received an order for supply of 5,000 dinner sets from Shaurya Hotel. It was an unexpected order and would increase the revenue of the company. This order was communicated by Naman to Vineet over intercom. Vineet executed the order within the given time period. For this, he was appreciated by Naman. The type of communication used by Naman to communicate the order to Vineet was:</p> <p>(A) Formal Communication (B) Informal Communication (C) Online Communication (D) Visual Communication</p> <p>Ans. (A) Formal communication</p>	<p>1 mark</p>

5	<p>Q. Statement-I: The basic function of a Stock Exchange is the creation of a continuous market where securities are bought and sold.</p> <p>Statement-II: The Stock Exchange provides both liquidity and easy marketability to already existing securities in the market.</p> <p>Choose the correct option from the following: (A) Statement-I is true and Statement-II is false. (B) Statement-II is true and Statement-I is false. (C) Both the Statements are true. (D) Both the Statements are false.</p> <p>Ans. (C) Both the statements are true.</p>	1 mark
6	<p>Q. As per Plastic Waste Management Rule 2022, single use plastic items were prohibited in Delhi from 1 July, 2022. The dimension of business environment referred to here is</p> <p>(A) Economic environment (B) Legal environment (C) Technological environment (D) Political environment</p> <p>Ans. (B) Legal environment</p>	1 mark
7	<p>Q. Statement-I: Motivation can be either positive or negative. Statement-II: Motivation is a complex process as the individuals are heterogeneous in their expectations, perceptions and reactions.</p> <p>Choose the correct option from the following: (A) Statement-I is true and Statement-II is false. (B) Statement-II is true and Statement-I is false. (C) Both the Statements are true. (D) Both the Statements are false.</p>	

	<p>Ans. (C) Both the statements are true.</p>	<p>1 mark</p>
<p>8</p>	<p>Q. Navya went to a supermarket for grocery shopping. She bought one kg of bajra flour from the supermarket. On reaching home when she opened the packet she found worms inside it. She was disappointed and told her son about the same. Her son asked her to check the label. When she checked the label of the packet, she found that bajra flour was stale and beyond the expiry date. She approached the sales-person at the supermarket who replaced the bajra flour immediately. When she thanked the sales-person, she was told that it was the policy of the supermarket to satisfy the customers. He further told that satisfied customers not only lead to repeat sales but they also provide good feedback to prospective customers which helps in increasing the customer base of business. Identify the point of importance of consumer protection from the point of view of the supermarket which is helping them to increase the customer base:</p> <p>(A) Long term interest of the business (B) Moral justification (C) Social responsibility (D) Government intervention</p> <p>Ans. (A) Long term interest of the business</p>	<p>1 mark</p>
<p>9</p>	<p>Q. Which of the following is not an element of social environment?</p> <p>(A) Composition of family (B) Consumption habits (C) Rates of saving and investment (D) Educational system and literacy rates</p> <p>Ans. (C) Rates of savings and investment</p>	<p>1 Mark</p>

	<p>(C) (ii) (iv) (i) (iii) (D) (ii) (i) (iv) (iii)</p> <p>Ans. (C) a (ii) b (iv) c (i) d (iii)</p>	<p>1 mark</p>
<p>1 2</p>	<p>Q. 'Kanand Ltd.' is an automobile manufacturing company started in 2014 under 'Make in India' initiative of the Government of India. Expecting higher growth in future, it developed higher capacity in the current year taking advantage of the subsidies provided by the government. This would enable 'Kanand Ltd.' to meet anticipated higher demand quickly, For this, 'Kanand Ltd.' invested large amounts in fixed assets leading to higher requirements of fixed capital. Identify the factor affecting fixed capital requirements which 'Kanand Ltd.' kept in mind to meet higher anticipated demand quicker.</p> <p>(A) Scale of operations (B) Nature of business (C) Diversification (D) Growth prospects</p> <p>Ans. (D) Growth prospects</p>	<p>1 mark</p>
<p>1 3</p>	<p>Q. Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job seekers can be a valuable source of manpower. A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. The source of recruitment discussed above is:</p> <p>(A) Direct recruitment (B) Casual callers (C) Labour contractors (D) Campus recruitment</p> <p>Ans. (B) Casual callers</p>	<p>1 mark</p>

<p>1 4</p>	<p>Q. Identify from the following what is shown in the picture of refrigerator given below? (A) Brand name (B) Brand mark (C) Trademark (D) Label</p> <div data-bbox="542 483 951 915" data-label="Image"> </div> <p>Ans. (D) Label</p>	<p>1 mark</p>
<p>1 5</p>	<p>Q. Which of the following is NOT a factor affecting 'financing decision'? (A) Fixed operating costs (B) Cash flow position (C) Control considerations (D) Diversification</p> <p>Ans. (D) Diversification</p>	<p>1 mark</p>
<p>1 6</p>	<p>Q. For holding securities in an electronic form, the investor has to open a demat account with an organisation called _____. (A) Depository (B) Securities and Exchange Board of India (C) Stock Exchange (D) Mutual Fund</p>	

	Ans. (A) Depository	1 mark
1 7	<p>Q. _____ means doing the task correctly and with minimum cost.</p> <p>(A) Efficiency (B) Effectiveness (C) Management (D) Coordination</p> <p>Ans. (A) Efficiency</p>	1 mark
1 8	<p>Q. Which of the following is the function of Top level management?</p> <p>(A) They ensure that their department has the necessary personnel. (B) They interact with the actual work force and pass on instructions of the middle management to the workers. (C) They co-operate with other departments for smooth functioning of the organisation. (D) They analyse the business environment and its implications for the survival of the firm.</p> <p>Ans. (D) They analyse the business environment and its implications for the survival of the firm</p>	1 mark
1 9	<p>Q. The activities involved in managing the enterprise are common to all organisations whether economic, political or social. Identify the feature of management:</p> <p>(A) Management is multidimensional. (B) Management is all pervasive. (C) Management is a continuous process. (D) Management is a dynamic function.</p> <p>Ans. (B) Management is all pervasive</p>	1 mark

2 0	<p>Q. Choose the incorrect statement about 'Money market':</p> <p>(A) The main instruments traded in this market are Treasury bills, Trade bills, Commercial paper and Certificates of deposit.</p> <p>(B) In this market, transactions entail huge sums of money as the instruments are quite expensive.</p> <p>(C) Participation in this market is by and large undertaken by institutional participants such as the Reserve Bank of India, banks, financial institutions and finance companies.</p> <p>(D) It deals in medium and long term securities.</p> <p>Ans. (D) It deals in medium and long term securities</p>	1 mark
2 1	<p>Q. 'Cortico Fabrics' was started by Ashish in 2001 to sell bed sheets, towels, comforters, pillows, cushions, bath mats etc. It is now a famous name and its branches are across India. To manage the work all over India, it has eight teams-two each for North, South, East and West India. Ashish spends a considerable amount of time to develop an orderly pattern of group efforts among different teams and to secure unity of action in pursuit of a common purpose.</p> <p>To ensure suitable allocation of tasks to the various members of the teams and to see that the tasks are performed with harmony among the members, he tries to balance the different teams at different locations.</p> <p>(a) Identify and explain the concept of management discussed in the above para.</p> <p>(b) Also, explain any one point of importance of the concept identified in (a) above.</p> <p>Ans.</p> <p>(a) <u>Co-ordination</u></p> <p>Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.</p>	1 mark for Identifying the concept + 1 mark for its

	<p>(b)</p> <p><u>Importance of Co-ordination:</u> (Any one)</p> <p>(i) Growth in size</p> <p>(ii) Functional Differentiation</p> <p>(iii) Specialisation</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>expl- anation</p> <p>½ mark for the heading + ½ mark for explan- ation = 1+1+1 = 3 Marks</p>
<p>2 2</p>	<p>Q. State any three points of importance of staffing function of management.</p> <p>Ans. <u>Importance of staffing:</u> (Any three)</p> <p>(i) It helps in <u>discovering and obtaining competent personnel</u> for various jobs.</p> <p>(ii) It makes for <u>higher performance</u> by putting the right person on the right job.</p> <p>(iii) It ensures <u>continuous survival and growth</u> of the enterprise through succession planning for managers.</p> <p>(iv) It helps to ensure <u>optimum utilisation of human resources</u> by avoiding overmanning and shortage of personnel</p> <p>(v) It <u>improves job satisfaction and morale</u> of employees through objective assessment and fair reward for their contribution.</p>	<p>1 x 3 = 3 marks</p>

	<p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	
<p>2 3</p>	<p>Q. ‘Caro’, a car manufacturing company was manufacturing high cost, good quality luxury cars. For the last few years, the company was not earning good profits as the demand for the cars was very low.</p> <p>Chief Executive Officer of the company, Piyush had a meeting with the Production and Sales Managers to discuss how to increase the revenue of the company. They found that nowadays instead of purchasing luxury cars people prefer to have such cars on rental basis. So they decided to start 'Car rental service'. The Production Manager also suggested that as these cars were sophisticated and each spare part was very costly it would be better to provide these cars for rental service along with trained drivers so that there would be less wear and tear. Piyush agreed and a training unit was started. Two of the available cars were used for training the drivers. People were very happy as they were getting these cars on rental basis with trained drivers. The idea was a big hit and the company was able to surpass its profit targets of the last 20 years.</p> <p>(a) Identify and explain the method of training given by 'Caro' to its drivers.</p> <p>(b) Also, state any two advantages the drivers will get after this training.</p> <p>Ans.</p> <p>(a) <u>Vestibule Training</u></p> <p>It is a method of training in which the employees learn the jobs on the equipment they will be using but the training is conducted away from the actual work floor. This is used when employees are required to handle sophisticated machinery and equipment.</p> <p><i>(If an examinee has identified the method of training as ‘Off the job’, only ½ mark is to be given)</i></p>	<p>½ mark for Identifying the method of training + ½ mark for its explanation</p>

	<p>(b) <u>Advantages the drivers will get after this training:</u> <i>(Any two)</i></p> <p>(i) It will help in <u>career growth</u> due to improved skills and knowledge.</p> <p>(ii) It will help them to <u>earn more</u> due to improved performance.</p> <p>(iii) It will <u>reduce accidents</u> as the employees are more efficient to handle machines.</p> <p>(iv) It will <u>increase the morale</u> of the employees as the employees are more satisfied.</p> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	<p>1 x 2 = 2 marks = 1+2 = 3 marks</p>
<p>2 4</p>	<p>Q. State any three protective functions of 'Securities and Exchange Board of India'.</p> <p>Ans. <u>Protective functions of Securities and Exchange Board of India:</u> <i>(Any three)</i></p> <p>(i) It <u>prohibits fraudulent and unfair trade practices</u> like misleading statements, manipulations, price rigging etc.</p> <p>(ii) It <u>controls insider trading</u> and imposes penalties for such practices.</p> <p>(iii) It <u>undertakes steps for investor protection</u>.</p> <p>(iv) It <u>promotes fair practices</u> and code of conduct in securities market.</p>	<p>1 x 3 = 3 marks</p>

<p>2 5</p>	<p>Q. Kewalram started a sweets shop 'Karamati Sweets' in 1950. The sweets were famous all over India for their good quality and people would come from far and wide to purchase sweets from him. As he grew old, he could no longer run the shop. So, he sold the shop to one of his neighbours 'Bholaram'. After a few months, to further increase the revenue, 'Bholaram' started engaging in unfair trade practices like using adulterated khoya and paneer. He thought that no one would know about it as 'Karamati Sweets' had a good image in the eyes of the people. Slowly, people started falling sick after consuming sweets purchased from 'Karamati Sweets' but they did not know where to go and to whom to complain. Raghav, a resident of the village had recently completed his studies. He was also a member of a non-governmental organisation. 'Meri Voice'. He felt that the villagers should be made aware about the rights and reliefs available to them. He started creating awareness about consumer rights among the villagers to protect their interest through a series of talks and presentations in the village.</p> <p>(a) Identify and explain the consumer right discussed in the above para.</p> <p>(b) Also, identify and explain the consumer right violated by 'Bholaram' in the above case.</p> <p>Ans. (a) <u>Right to Consumer Education</u></p> <p>The consumer has a <u>right to acquire knowledge about his rights and reliefs</u> available to him in case of a product or service is falling short of his expectation and to be a well informed consumer throughout life.</p> <p>Many consumer organisations and businesses are educating consumers in this respect.</p> <p>(b) <u>Right to Safety</u></p> <p>The consumer has a right to be <u>protected against goods and services which are hazardous</u> to life, health and property.</p> <p>Consumers are educated that they should use products which are standardised as this would be an assurance of such products meeting quality specifications.</p>	<p>(1 mark for identifying each right + 1 mark for its explanation = 2 marks)</p> <p>= 2+2 = 4 marks</p>
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2 6	<p>Q. A Business Process Outsourcing centre, 'Chromosome' which deals in conversion of voice reports dictated by physicians and other healthcare providers into text format has 40 employees. They ensure that their employees are well versed in at least one foreign language and one Indian language. The employees are also given the required training to ensure that the reports are processed correctly as they are the backbone of the patients' medical history. On frequent complaints about some of its employees, it was observed that they were facing problems in decoding the message as they were not very proficient with the language in which the voice message was received. As a result, they would make mistakes causing different meaning to the message. Not only this, sometimes there were technical words used in voice reports, the actual meaning of which was also not understood by the employees. Due to this, 'Chromosome' was slowly losing its business to competitors. The above case highlights two communication barriers. Identify and explain these barriers.</p> <p>Ans. Two communication barriers discussed in the above case are:</p> <p>(i) <u>Faulty Translations</u></p> <ul style="list-style-type: none"> ▪ Sometimes the communications originally drafted in one language need to be translated to the language understandable to workers. ▪ If the translator is not proficient with both the languages, mistakes may creep in causing different meanings to the communication. <p>(ii) <u>Technical Jargon</u></p> <ul style="list-style-type: none"> ▪ Specialists sometimes use technical jargon while explaining to persons who are not specialists in the concerned field. ▪ Therefore, they may not understand the actual meaning of many such words. 	<p>1 mark for identifying each barrier + 1 mark for each explanation = 2+2 = 4 marks</p>

	<p><i>(If an examinee has identified the barrier as ‘Semantic barrier’, only ½ mark is to be given)</i></p>	
<p>2 7</p>	<p>Q. (a) State any four limitations of planning.</p> <p>Ans. (a) Limitations of Planning: (Any four)</p> <p>(i) Planning <u>leads to rigidity</u> because once a well defined plan is drawn, the managers may not be in a position to change it.</p> <p>(ii) Planning <u>may not work in a dynamic environment</u> as it is difficult to accurately assess future trends. The organisation has to constantly adapt itself to changes in the environment.</p> <p>(iii) Planning <u>reduces creativity</u> since people tend to think on the same lines as others.</p> <p>(iv) Planning <u>involves huge costs</u> in terms of time and money.</p> <p>(v) Planning is <u>time consuming</u> and sometimes not much time is left for its implementation.</p> <p>(vi) Planning <u>does not guarantee success</u> unless it is translated into action.</p> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>(b) Explain the following types of plans:</p> <p>(i) Strategy</p> <p>(ii) Procedure</p>	<p style="text-align: center;">1 x 4 = 4 marks</p> <p style="text-align: center;">OR</p>

Basis	Production concept	Marketing concept	<p style="text-align: center;">1 x 4 = 4 marks</p>
(a) Meaning	It assumes that consumers would favour those products which are widely available at an affordable price.	It assumes that in the long run, an organisation can achieve its objective of maximization of profit by identifying the needs of the present and prospective buyers and satisfying them in an effective way.	
(b) Main focus	Its focus is on Quantity produced.	Its focus is on satisfaction of Customer needs	
(c) Means	It uses Availability and affordability of product as a means to achieve the objective	It uses Integrated marketing as a means to achieve the objective	
(d) Ends	Its objective is to earn Profit through production volume	Its objective is to earn Profit through customer satisfaction	
<p>2 9</p>	<p>Q. Inspired by the success of Chandrayaan-3, the Chief Scientist at 'Space Rover' a private research group, decided to send some innovative ideas regarding the mission to the Chief Scientist of Chandrayaan-3. The Chief Scientist at 'Space Rover' formed four groups for the same. As it was an intellectual activity of thinking rather than doing, these four groups started interacting with each other and friendships developed. On the basis of their interaction and friendship, some members from each group formed 'Entertainment Through Reading' group which showed conformity in terms of their interest. 'Entertainment Through Reading' group had no written rules, was unstable in form and scope and had no fixed lines of communication. The members of this group enhanced the morale of each other, enjoyed drinking coffee together, read books, served different issues of their work areas and provided support to each other. Ultimately this group developed some innovative ideas which were sent by 'Space Rover' to the Chief Scientist of Chandrayaan-3. Though this group was formed for recreation but it contributed towards fulfillment of organisational objectives.</p> <p>(a) Identify and explain the type of organization which emerged as 'Entertainment Through Reading'.</p>		

	<p>(b) State any three advantages of the type of organisation identified in (a) above.</p> <p>Ans. <u>Informal Organisation</u></p> <p>Informal organization 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><u>Advantages of Informal Organisation:</u></p> <p>(i) It leads to <u>faster spread of information</u> as well as 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 underlined points, ½ mark for each point should be awarded)</i></p>	<p>½ mark for Identif ying + ½ mark for its expl- anation</p> <p>+</p> <p>1 mark for each statement (1 x 3) = ½ + ½ + 3 = 4 Marks</p>
<p>3 0</p>	<p>Q. (a) Explain the following functions of marketing:</p> <p>(i) Product Designing and Development</p> <p>(ii) Standardisation and Grading</p> <p>Ans.</p>	

Product Designing and Development

- The design of the product contributes to making the product attractive to the target customers.
- A good design can improve performance of a product and also give it a competitive advantage in the market.

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(iii) Standardisation and Grading

- Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output.
- Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.

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Marks

OR

OR

Q. (b) Explain the four important elements of marketing mix

Ans. The four important elements of marketing mix are:

(i) Product (ii) Price (iii) Place and (iv) Promotion

(i) Product

The concept of product includes not only the physical product but also include the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts etc. The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.

(ii) Price

	<p>To fix a price for the firm's products, the marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price. Decisions have also to be taken in respect of discounts to customers, traders and credit terms, etc., so that customers perceive the price to be in line with the value of the product.</p> <p><u>(iii) Place or Physical Distribution</u></p> <p>It includes activities that make firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.</p> <p><u>(iv) Promotion</u></p> <p>Promotion of products and services include activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it. Organisations undertake various promotional activities through tools such as advertising, personal selling and sales promotion techniques etc.</p>	<p>½ mark for naming each element + ½ mark for its explan ation = 1 x 4 = 4 marks</p>
<p>3 1</p>	<p>Q. (a) Explain the following characteristics of Principles of Management:</p> <p>(i) General guidelines (ii) Flexible (iii) Cause and effect relationship</p> <p>Ans.</p> <p>(i) General guidelines</p> <ul style="list-style-type: none"> ▪ The principles of management are guidelines to action but do not provide readymade straitjacket solutions to all managerial problems. ▪ It is so because real business situations are very complex and dynamic and are a result of many factors. 	<p>2</p>

<p>(ii) Flexible</p> <ul style="list-style-type: none"> ▪ The principles of management are not rigid prescriptions, which have to be followed absolutely. ▪ They are flexible and can be modified by the manager when the situation so demands. They give the manager enough discretion to do so. <p>(iii) Cause and effect relationship</p> <ul style="list-style-type: none"> ▪ The principles of management are intended to establish relationship between cause and effect so that they can be used in similar situations in a large number of cases. As such, they tell us if a particular principle was applied in a particular situation, what would be its likely effect. ▪ In real life, situations are not identical. So, accurate cause and effect relationships may be difficult to establish. <p style="text-align: center;">OR</p> <p>(b) Explain the following techniques of Scientific Management: (i) Method Study (ii) Differential Piece Wage System (iii) Fatigue Study</p> <p>Ans. (i) <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. 	<p>2</p> <p>2</p> <p>=</p> <p>6 marks</p> <p>OR</p> <p>2</p>
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<p>(i) <u>Operating Efficiency</u></p> <ul style="list-style-type: none"> ▪ Firms manage their operations with varied degrees of efficiency. ▪ These <u>efficiencies may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital.</u> <p>(ii) <u>Credit availed</u></p> <ul style="list-style-type: none"> ▪ A firm allows credit to its customers and also may get credit from its suppliers. ▪ To the extent the firm avails credit on purchases, the working capital requirement is reduced. <p><u>(ii) Level of competition</u></p> <ul style="list-style-type: none"> ▪ 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. ▪ Competition may also force the firm to extend liberal credit terms. <p style="text-align: center;">OR</p> <p>Q. (b) Explain the following factors affecting the dividend decision of a company:</p> <ul style="list-style-type: none"> (i) Stability of dividends (ii) Contractual constraints (iii) Stock market reaction 	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p> <p style="text-align: center;">OR</p>
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	<p>Ans.</p> <p>(i) <u>Stability of dividends</u></p> <ul style="list-style-type: none"> ▪ Companies follow a policy of stabilizing dividend per share. The increase in dividend is generally made when there is confidence that their earning potential has gone up and not just the earning of the current year. ▪ Companies do not alter dividend per share if the change in earnings is small or seen to be temporary in nature. <p>(ii) <u>Contractual constraints</u></p> <ul style="list-style-type: none"> ▪ Sometimes the lenders may impose some restrictions on the payment of dividend in future. ▪ The companies are required to ensure that the payment of dividend does not violate the terms of the loan agreement entered by the company. <p>(iii) <u>Stock market reaction</u></p> <ul style="list-style-type: none"> ▪ Investors, in general, view an increase in dividend as good news and stock prices react positively to it. ▪ The possible impact of dividend policy on the equity share price is one of the important factors considered by the management while taking a decision about dividend. 	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p>
<p>3 3</p>	<p>Q. The G20 Summit was organised in India. The government left no stone unturned to make G20 summit a success.</p> <p>At the higher level, the work to be performed was identified and grouped to enable people to work most effectively together for accomplishing</p>	

	<p>(vii) Expansion and growth.</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>= 6 marks</p>
<p>3 4</p>	<p>Q. 'Memo Builders' was constructing a five star hotel for a leading hotel chain. The hotel had to be given possession by next year but the construction of the hotel was running six months behind schedule. The Chief Executive Officer of 'Memo Builders' was concerned as Memo Builders was known for its quality and timely completion of projects. He asked Nitin, the senior of the Project Head for a thorough investigation. Nitin investigated and reported to the Chief Executive Officer that inspite of huge absenteeism of workers, additional workers were not called. Nitin also reported to the Chief Executive Officer that three of the ten machines being used by the workers were defective. Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met.</p> <p>(a) Identify the function of management. Quoting the lines from the above para, explain the steps of the process of the function of management discussed.</p> <p>(b) Also explain any two points of importance of the function of management identified in (a) above.</p> <p>Ans. (a) The function of management is <u>Controlling</u>.</p> <p><u>Steps of controlling process discussed in the above case are:</u></p> <p>(i) <u>Comparison of actual performance with standards</u></p> <p>Actual performance is compared with the standards to find out the deviation.</p> <p><i>'The hotel had to be given possession by next year but the construction of the hotel was running six months behind schedule'</i></p>	<p>1 mark for identify ing the function</p> <p>½ mark for identify ing and quoting</p>

<p>(ii) <u>Analysing deviations</u></p> <p>Deviations are analysed for their causes through Critical Point Control and Management by Exception.</p> <p><i>‘Nitin investigated and reported to the Chief Executive Officer that inspite of huge absenteeism of workers, additional workers were not called’</i></p> <p style="text-align: center;"><i>Or</i></p> <p><i>‘Nitin also reported to the Chief Executive Officer that three of the ten machines being used by the workers were defective’</i></p>	<p>each step + ½ mark for each explan ation = (1 x 3) = 1+3 = 4 marks</p> <p style="text-align: center;">+</p>
<p>(iii) <u>Taking corrective action</u></p> <p>Corrective action is taken if deviations go beyond the acceptable limits.</p> <p><i>‘Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met’</i></p>	<p>(½ mark for each heading + ½ mark for each explan ation) = 1 x 2 = 2 marks</p>
<p>(b) <u>Importance of Controlling:</u> (Any two)</p> <p>(i) Accomplishing organisational goals</p> <p>(ii) Judging accuracy of standards</p> <p>(iii) Making efficient use of resources</p> <p>(iv) Improving employee motivation</p> <p>(v) Ensuring order and discipline</p>	<p>= 4+2 = 6 marks</p>

(vi) Facilitating coordination in action

(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)