Senior School Certificate Examination March -----2015-16

Marking Scheme---Business Studies (Foreign) 66/2/1, 66/2/2, 66/2/3.

General Instructions:

- 1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.
- 2. Evaluation is to be done as per instructions provided in the marking scheme.
- 3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.
- 4. If a question does not have parts, marks be awarded in the left hand margin.
- 5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.
- 6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.
- 7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
- 8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.
- 9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.
- 10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 30 marks, then the marks should not be inflated to 33 simply to pass him/her.
- 11. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.
- 12. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.
- 13. In compliance to the judgement of Hon'ble Supreme Court of India, Board has decided to provide photocopy of the answer book(s) to the candidates who will apply for it along with the requisite fee from 2012 examination. Therefore, it is all the more important that the evaluation is done strictly as per the value points given in the marking scheme so that the Board could be in a position to defend the evaluation in any forum.
- 14. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.
- 15. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

Strictly Confidential: (For Internal and Restricted Use Only)

	Strictly Confidential: (For Internal	
	MARKING SCHEME – 2015-16	DISTRIBUTION OF MARKS
	BUSINESS STUDIES	
((1)11	FOREIGN – 66/2/1	
66/2/1	EXPECTED ANSWERS / VALUE POINTS	
1	Q. Is management concerned only with doing the right task, completing	
	activities and achieving goals without taking into consideration the cost-	½ mark
	benefit? Give reason in support of your answer.	/2 Hui K
	benefit: Give reason in support of your answer.	+
	A NT	T
	Ans. No, management is not only concerned with doing the right task,	
	completing activities and achieving goals but also has to take into	½ mark
	consideration the cost benefit i.e. doing the task correctly and with minimum	
	cost.	=
		1 mark
2	Q. Define 'organising' as a function of management.	
	Ans. Organising is the process of identifying and grouping the work to be	
	performed, assigning duties to job positions and establishing relationships for	
	the purpose of accomplishing objectives.	
	(Or any other correct meaning)	1 mark
3	Q. Name the organizational structure which helps in increasing	
	managerial and operational efficiency.	1 mark
		2 22.00
	Ans. Functional structure.	
	7 ms. 1 diletional structure.	
4	Q. State the role of Inspector in functional foremanship.	
	(1 mark
	Ans. The role of 'inspector' as a foreman in functional foremanship is to	1
	check the quality of work.	
	check the quanty of work.	
5	Q. Name and state the aspect of financial management that provides a	
3		1 mark
	link between investment and financing decisions.	1 mark
	A 75' ' 1 1 '	
	Ans. Financial planning.	
-	O !Dost Dulks Dut I td was manufacturing good quality I ED hulks and	
6	Q. 'Best Bulbs Pvt. Ltd. was manufacturing good quality LED bulbs and	
	catering to local market. The current production of the company is 800	
	bulbs a day. Sumit, the marketing manager of the company surveyed the	
	market and decided to supply the bulbs to five-star-hotels also. He	
	anticipated the higher demand in future and decided to buy a	
	sophisticated machine to further improve the quality and quantity of the	
	bulbs produced.	
	Identify the factor affecting fixed capital requirements of the company.	
	Taving one factor anseeing maca capital requirements of the company.	
	Ans. Growth prospects.	
	Tanas Storial prospects.	
		l

		1 mark
7	Q. Name the marketing function which is concerned with the important	
	decision of managing inventory.	1 mark
	Ans. Physical distribution.	
8	Q. Manvendra always went to a specific shop to buy all consumable and non-consumable goods. In this shop variety of products of different brands were displayed nicely and the sales person available also gave	
	good sales presentation if required. But this shop was quite far off from his residence. His friend Annant always wondered why Manvendra wastes so much time in. going to that shop where as there were many big	
	brand shops situated near his residence having consumable and non- consumable goods.	
	Annant asked Manvendra the reason of going to that particular shop. Manvendra told that he was exercising one of his 'Rights' which he could not exercise in nearby big brand shops. State the consumer's right which	
	Manvendra had exercised.	
	Ans. Right to choose which states that the consumer has the freedom to chose from a variety of products at competitive prices.	
	from a variety of products at competitive prices.	1 mark
9	Q. Explain any three limitations of ' Planning'.	
	Ans. Limitations of planning: (Any three points with explanation)	1/
	(i) Leads to rigidity	½ mark for heading
	(ii) May not work in a dynamic environment.	½ mark for
	(iii) Reduces creativity.	explan-
	(iv) Involves huge costs.	ation
	(v) Time consuming.	=
	(vi) Does not guarantee success.	1x3
	(1-1) = 0.02 = 0.0 Gamma=0.00 Campa=0.00	=
	(if an examinee has not given the headings as above but has given the correct explanation, full credit be given)	3 marks
10	Q. Mr. Mohan Kumar, is the owner of- Jason's Enterprises, carrying on	
	the business of manufacturing sanitary items. There is a lot of	
	discontentment in the organization and the targets are not being met. He	
	asked his son Ritesh, who has recently completed his MBA, to find out	
	the reason.	
	Ritesh found that his father did not have confidence in the competency of	¹⁄₂ x 2
	employees and was not seeking their advice or opinion. There was also	=
	lack of transparency in the operations of the business. Thus, the	1 mark
	employees were not happy.	т
	(a) Identify any two communication harriers because of which 'Jason's Enterprises' was not able to achieve its targets.	+
	(b) State one more barrier each of the type identified in part (a) above.	1 mark
	Ans. (a) Two communication barriers are:	

	(i) Personal barrier/ Lack of confidence of superior on his subordinates.	+
	(ii) Organisational barrier/ Organisational facilities.	
	(1) 018411044101441 04111417 01841114441144411444	
	(b) <u>Personal barrier:</u> (Any one)	
	(i) Fear of challenge to authority may make the superior withhold	1 mark
	communication.	
		=
	(ii) <u>Unwillingness to communicate</u> on the part of the subordinates may arise if	
	they perceive that the communication may adversely affect their interests.	1+1+1
	(iii) Lack of proper incentives may hinder the initiative of the subordinates to	=
	communicate.	3 marks
	Communicate.	
	(If an examinee has given only the heading, ½ mark for each heading	
	should be awarded)	
	Organisational barrier: (Any one)	
	· · · · · · · · · · · · · · · · · · ·	
	(i) <u>Organisational policy</u> may not be supportive to free flow of	
	communication.	
	(ii) Rigid Rules and regulations may delay communication.	
	(iii) <u>Status</u> of the superior may not allow his subordinates to express their	
	feelings freely.	
	(iv) Complexity in organization structure leads to delayed and distorted	
	communication.	
	(If an examinee has given only the heading, ½ mark for each heading	
	· · · · · · · · · · · · · · · · · · ·	
	should be awarded)	
11	Q. Vinod - The Human Resource Manager, U mesh - The Assistant	
	manager and Ashok -The Marketing Head of Hitachi Enterprises Ltd.	
	decided to leave the company.	
	The Chief Executive Officer of the company called the Human Resource	
	Manager. Vinod and requested him to till-up the vacancies before	
	leaving the organization. Vinod suggested that his subordinate Rajesh is	
	very competent and trustworthy. If he could be moved up in the	
	hierarchy, he would do the needful. The Chief Executive Officer agreed	
	for the same. Rajesh contacted 'Zenith Recruiters' who advertised for	
	the post of marketing head for 'Hitachi Enterprises Ltd'. They were able	
	to recruit a suitable candidate for the company. Umesh's vacancy was	
	filled-up by screening the database of unsolicited applications lying in the	
	office.	
	(a) Name the internal/external sources of recruitment used by 'Hitachi	
	· ·	
	Enterprises Ltd.' to fill-up the above stated vacancies.	
	(b) Also, state any one merit of each of the above identified source of	
	recruitment.	
	Ang (a) Courses of recognition and used to fill you the	
	Ans. (a) Sources of recruitment used to fill up the vacancies are:	
	(i) Promotion	
	(ii) Placement Agencies and Management Consultants	
	(iii) Casual Callers	
		$\frac{1}{2} \times 3$
	(b) Merit of each of the above identified source of recruitment:	
L		

	Promotion: (Any one) (i) It helps to improve motivation, loyalty and satisfaction level of employees.	=
	(ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to a chain of promotions at lower levels	1 ½ marks
	in the organisation. (iii) It is a more reliable way of recruitment since the candidates are known to the organisation.	
	(iv) It is a cheaper source of recruitment.	+
	Placement Agencies and Management Consultants: (Any one) (i) They recommend suitable names to their clients.	
	(ii) It helps in enticing the needed top executives from other companies by making the right offers.	½ x 3
	Casual Callers: (Any one) (i) It reduces the cost of recruiting workforce in comparison to other sources.	1 ½ marks
	(ii) It saves time.	=
	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	
		1 ½ + 1 ½
		=
		2
		3 marks
12	Q. Mr. Aditya Gupta was the chairman of Vandan Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily	3 marks
12	earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of `Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this	3 marks
12	earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of `Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the hank, he was not allowed to buy shares of the hank. He called one of his rich friends Nimesh and asked	3 marks
12	earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of `Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the hank, he was not allowed to buy shares of the hank. He called one of his rich friends Nimesh and asked him to invest Rs.6 crores in the shares of his bank promising him the capital gain.	3 marks
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12	earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of `Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the hank, he was not allowed to buy shares of the hank. He called one of his rich friends Nimesh and asked him to invest Rs.6 crores in the shares of his bank promising him the capital gain. As expected. the share prices went up by 40% and the market price of Nimesh's shares was now ₹8.4 crores Rupees. He had earned a profit of ₹2.4 crores Rupees. He gave ₹1.2 crore Rupees to Mr. Aditya Gupta and kept ₹1.2 crore Rupees with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Aditya Gupta. By quoting the lines from the above para identify and state any two function, that were performed by SEB1 in the above case.	3 marks

SEBI can call for information by undertaking inspection, conducting	
enquiries and audits of stock exchanges and intermediaries.	½ mark for identifying each function +
(ii) Protective function	½ mark for quoting the line
'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'	+ ½ mark for each
SEBI controls insider trading and imposes penalties for such practices.	statement = 1 ½ x 2
(If an examinee has given only the headings, ½ mark for each heading should be awarded)	= 3 marks
Q. State any three direction which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint.	
Ans. If the Consumer Court is satisfied with the genuineness of the complaint, it can issue one or more of the following directions to the aggrieved party as reliefs: (Any three) (i) To remove the defect in goods or the deficiency in service. (ii) To replace the defective product with a new one, free from any defect. (iii) To refund the price paid for the product. (iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to negligence of the opposite party.	
(v) To pay <u>punitive damages</u> in appropriate circumstances. (vi) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future. (vii) Not to offer hazardous goods for sale.	
(viii) To withdraw hazardous goods from sale. (ix) To cease manufacture of hazardous goods. (x) To pay any amount (not less than 5% of the value of the defective goods	1 x 3 =
to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner. (xi) To issue corrective advertisement to neutralize the effect of misleading advertisement. (xii) To pay adequate costs to the appropriate party.	3 marks
(If an examinee has given only the headings, ½ mark for each heading should be awarded)	
14 Q. Explain any four features of management. Ans. Features of management: (Any four points with explanation)	½ mark for the heading
(i) Goal oriented process (ii) Group activity	+ ½ mark for explanation

	(iii) Intangible force	
	(iv) Pervasive	=
	(v) Multi- dimensional	1 x 4
	(vi) Continuous process	=
	(vii) Dynamic function.	4 marks
	(if an examinee has not given the headings as above but has given the correct explanation, full credit be given)	
15	Q. 'Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed. Identify and explain the dimensions of business environment discussed in the above case.	
	the above case.	1 mark for
	(i) Political environment	identification of each dimension
	Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.	+
	(ii) Technological environment	1 mark for its explanation
	Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.	=
		2 + 2
		=
		4 marks
16	Q. 'Panda Trucks Ltd.' decided to set-up its new truck manufacturing factory in the backward area of Bihar where very less job opportunities were available. People of that area welcomed this effort of 'Panda Trucks Ltd.'. To attract people to work in its factory it also decided to provide many other facilities like school, hospital. market etc. in the factory premises. 'Panda Trucks Ltd.' started earning huge profits. Another competiting company asked its production manager 'Sanjay' to investigate the reasons of earning huge profits by 'Panda Trucks Ltd'. Sanjay found out that in both the companies there was systematic coordination among the various activities to achieve organizational goals. Each employee knew who was, responsible and accountable to whom. The only difference was that in his organization communication took place only through the scalar chain, whereas 'Panda Trucks Ltd: was allowing flow of communication in all the directions as per the requirement which lead 10 faster spread of information as well as quick feedback. (a) Identify the type of Organization which permits 'Panda Trucks Ltd.' the flow of communication in all the direction.	1 marks

	(b) State an advantage of the type of organization identified in (a) above.	1 mark
	(c) State values which 'Panda Trucks Ltd.' wanted to communicate to the	
	society.	+ 1 mayly fam advantage
	Ans. (a) Informal organisation.	1 mark for advantage
		+
	(b) Advantage of informal organisation: (Any one)	
	(i) It fulfills social needs.	
	(ii) It compensates for inadequacies in the formal organisation.	1 mark for each value
	(If an examinee has given only the headings, ½ mark for each heading	=
	should be awarded)	1 x 2
		=2 marks
	(c) Values which 'Panda Trucks Ltd.' wanted to communicate to the society	= 1+1+2
	are: (Any two) (i) Development of backward regions.	1+1+2 =
	(ii) Creating employment opportunities.	4 marks
	(iii) Providing basic amenities to employees.	
	(iv) Fulfilling social responsibility.	
	(Or any other correct value)	
	, , , , , , , , , , , , , , , , , , ,	
17	Q. K.S. Energy Ltd. was an energy efficiency consultancy company. To	
	get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the	
	company, the team leader used to travel by air. whereas his team	
	travelled by road/train. It was not only time consuming but also at times	
	forced female team members to travel alone.	
	As a result, the subordinates were not acting in a desired manner to	
	achieve organizational goals. The CEO came to know about it. He called	
	the team leader. discussed the matter with him and changed the travel policy of the company. It was decided that all the members including the	
	leader would travel together in future and would usefully utilize the	
	travelling time in discussion with the subordinates about the presentation	
	to be (liven to the clients. This made a positive impact and every member	
	of the team started acting in a manner as desired by the team leader.	
	State the features, of the element of the function of management used by the CEO.	
	the CLO.	
	Ans. Features of motivation:	
	(a) It is an internal feeling as the urges, drives or needs of human beings	
	which influence human behaviour are internal.	
	(b) It <u>produces goal directed behaviour</u> as it stimulates people to accomplish	
	desired goals. (c) It can be positive in the form of positive rewards or negative like	
	punishment, stopping increments etc.	1 x 4
	(d) It is a <u>complex process</u> as any type of motivation may not have a uniform	=
	effect on all the members.	
	(If an avaminas has given only the headings 1/ moult for each heading	4 marks
	(If an examinee has given only the headings, ½ mark for each heading	

	should be awarded)	
18	Q. Diksha Ltd. was marketing "Dish-Washer' which were very Popular due to their quality and after-sale services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored its after-sale services. As a result its relations with the customers got 'Toiled and the image of the company was damaged in the eyes of the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring after-sale services was its reason. Therefore, the company took all possible measures to protect and promote its image. As a result the goodwill of the company improved in the society. (a) Name and state the communication tool used by the marketer in the above case to improve its images. (b) Also explain role of the tool as identified in part (a).	
	Public Relations refer to a variety of programmes to promote and protect a	
	company's image or its products in the eyes of the public.	
	(or any other correct meaning)	
	 (b) Role of Public Relations: (any three points with explanation) (i) Press Relations. (ii) Product Publicity. (iii) Corporate Communication. (iv) Lobbying. (v) Counselling. (vi) Smooth functioning of business. (vi) Image building. (vii) Launching new products. (viii) Facing adverse publicity. 	½ mark for naming the tool + ½ mark for stating = ½ + ½ = 1 mark
	 (ix) Supplementing advertising. (x) Satisfying interest of different public groups. (xi) Building awareness (xii) Building credibility. (xiii) Stimulating sales force. (xiv) Lowering promotion costs. 	+ ½ mark for heading + ½ mark for its explanation
	(If an examinee has not given the headings but has given the correct explanation, full credit should be given)	= 1 x 3 = 3 marks =
		1+3 = 4 marks
19	Q. State any four methods of floatation of new issues in the primary market.	

	Ans. Methods of floatation in the primary market: (Any four points)	
	 (i) Offer through Prospectus is a method of floating new issues by inviting subscriptions from the public through issue of prospectus. (ii) Offer for Sale is a method in which the securities are not issued directly to the public but through intermediaries like issuing houses or stock brokers. (iii) Private Placement refers to the allotment of securities by a company to institutional investors and some selected individuals. (iv) Rights Issue is the privilege given to existing shareholders to subscribe to new issue of shares in proportion to the number of shares they already hold. (v) E-IPO refers to issuing securities through the online system of stock exchange. 	1 x 4 = 4 marks
20	Q. Two years ago Nishant, completed his degree in Textile Engineering. He worked for sometime in a company manufacturing readymade garments. He was not happy in the company and decided to have his own readymade garments manufacturing unit. He set the objectives and the targets and formulate action plan to achieve the same. One of his objectives was to earn 80% profit on the amount invested in the first year. It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Ritesh as a production manager, who decides the exact manner in which the production activities are to be carried out. Ritesh also prepared a statement showing the requirement of workers in the factory throughout the year. Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter. A penalty of ₹200 per day was announced for the workers who found smoking in the factory premises. Quoting lines from the above para identify and explain the different types of plans discussed.	
	Ans. The different types of plans are:	
	(i) Objective	
	'One of his objectives was to earn 80% profit on the amount invested in the first year.'	
	An objective is the end which the management seeks to achieve within a given time period.	
	(ii) Policy	
	'It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit.'	
	Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.	
	(iii) <u>Procedure</u>	½ mark for identifying the type of plan and

'He also decided to follow the steps required for marketing the produ	ucts quoting it
through his own outlets.' OR 'He appointed Ritesh as a production manager, who decides the example manner in which the production activities are to be carried out.'	½ mark for its explanation =
It consists of sequence of routine steps on how to carry out activities details the exact manner in which any work is to be performed.	1 x 5 = 5 marks
(iv) <u>Budget</u>	
'Ritesh also prepared a statement showing the requirement of worker factory throughout the year. '	ers in the 5 marks
'Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter.'	s
A budget is plan which states expected results of a given future period numerical terms. It may be expressed in time, money or physical unit	
(v) <u>Rule</u>	
'A penalty of ₹200 per day was announced for the workers who foun smoking in the factory premises.'	ad .
A rule is a statement that specifies what is to be done or not to be don	ne.
Q. Yash is working in a multinational company in Noida. He was running temperature for the last many days. When his blood was he found positive for chickengunia. He was admitted in the hospit a blood transfusion was advised by the doctors as his condition was serious. One of his colleagues sent a text message to his immediate superior 'Vineet'. Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for when the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surro (a) From the above para quote lines that indicate formal and informal communication. (b) State any two features of informal communication. (c) Identify any two values that are being communicated by Vinesociety.	s tested, ital and vas very te for Yash. for oundings. formal
Ans. (a) Formal communication	
'When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surrounds	lings.'
Informal communication	
'One of his colleagues sent a text message to his immediate superior 'Vineet'.'	½ mark for indicating type

	OR	of communication +
	'Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for Yash.'	½ mark for quoting the lines
	(b) Features of Informal communication: (Any two)	= 1 x 2 =
	(i) It takes place without following the formal lines of communication.(ii) It arises out of social needs of the employees(iii) It spreads rapidly.	2 marks
	(or any other correct feature)	+ ½ x 2 = 1 mark
		+
		1 x 2 = 2 marks =
		2+1+2 = 5 marks
22	Q. State the relationship between 'planning' and 'controlling' functions of management.Ans. Relationship between planning and controlling: (With explanation)	
	(i) Controlling takes place on the basis of standards developed by planning because if the standards are not set in advance, managers have nothing to control.	1 x 5 =
	(ii) <u>Planning without controlling is meaningless</u> because once a plan becomes operational, controlling ensures that events conform to the plans.	5 marks
	(iii) <u>Planning is prescriptive whereas controlling is evaluative</u> because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions.	
	(iv) <u>Planning and controlling both are forward looking</u> because while plans are prepared for the future, controlling <u>seeks to improve the future</u> on the basis of the past experience.	

	(v) Planning and controlling are both looking back because	0	
		Ε,	
	while planning is guided by past experiences,		
	Controlling compares the actual performance with the star	idalds set ill the	
	past.		
	(In case the candidate has not given the relationship in	the form of points	
	but has explained all the points in his answer, full cred	-	
23	Q. Explain any four points that highlight the importan management.	ce of principles of	
	, and the second		½ mark for heading
	Ans. Importance of principles of management (Any	four points with	+
	explanation)	-	1 mark for explan-
	(i) Provide the mangers with useful insights into reality.		ation
	(ii) Help in optimum utilisation of resources and effective	e administration.	=
	(iii) Help in taking scientific decisions.		1 ½ x4
	(iv) Help in meeting changing environment requirements.		=
	(v) Help in fulfilling social responsibility.		6 marks
	(vi) Used as a basis for management training, education ar	nd research.	
	(if an examinee has not given the headings as above	but has given the	
	correct explanation, full credit be given)	g	
	1 / 8 /		
	share capital of 120 lakhs. The earning per share in the was 0.5. For diversification, the company require addit lakhs. The company raised funds by issuing 10% debersame. During the current year the company earned procapital employed. It paid tax @ 40%. (a) State whether the shareholders gained or lost in resper share on diversification. Show your calculations cle (b) Also state any three factors that favour the issue of company as pan of its capital structure.		
	Ans. (a) Earning per share before diversification: ₹0.50		
	Calculation of Earning per share after issue of Debentures	: (assuming face	
	value of ₹100 per share)		
		1	2 marks for
	Particulars	₹	calculating Profit
	Share capital	1,20,00,000	available to
	10% debentures	80,00,000	shareholders
	Total	2,00,00,000	(₹4,80,000)
	Profit before interest and tax	16,00,000	
	Less Interest	8,00,000	
	Profit before tax	8,00,000	
	Less tax@ 40%	3,20,000	+
	Profit available to shareholders	4,80,000	
	Earning per share		

= 4,80,000/1,20,000	=₹4	1 mark for correct calculation of Earning per share and
This clearly shows that the <u>shareholders have gained</u> debentures since the Earning per share has increase		conclusion
6 F		
OR		
Calculation of Earning per share after issue of Deb	entures: (assuming face	=
value of ₹10 per share)		
Particulars	₹	2+1
Share capital	1,20,00,000	4⊤1
10% debentures	80,00,000	
Total	2,00,00,000	=
Profit before interest and tax	16,00,000	_
Less Interest	8,00,000	
Profit before tax	8,00,000	
Less tax@ 40%	3,20,000	3 marks
Profit available to shareholders	4,80,000	for any of the given
Earning per share	3 0.40	correct calculations
= 4,80,000/12,00,000	=₹0.40	
Note: In case, a student has calculated Return on 1(16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost	ed from ₹0.50 to ₹0.40. Investment as 8% e rate of interest which is after the issue of	
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded]	Investment as 8% e rate of interest which is after the issue of e Return of Investment, <u>1</u>	
[Note: In case, a student has calculated Return on It [16,00,000/₹2,00,00,000] and compared it with the It [10%] and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other face	Investment as 8% after the issue of e Return of Investment, <u>1</u> ce value and has shown	+
[Note: In case, a student has calculated Return on It (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclusions.]	Investment as 8% rate of interest which is after the issue of Return of Investment, <u>1</u> ce value and has shown usion, full credit be given]	+ 1 x 3
[Note: In case, a student has calculated Return on It (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. (b) Factors that favour issue of debentures by the conclusion of the control of the contr	Investment as 8% e rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given] company: (Any three) more viable.	1 x 3
[Note: In case, a student has calculated Return on It (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclusion of the correct conclusion is a good cash flow position makes debt funding the light Interest Coverage ratio lowers the risk of	Investment as 8% e rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given] company: (Any three) more viable.	
Note: In case, a student has calculated Return on 1. (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclude (b) Factors that favour issue of debentures by the case (i) A good cash flow position makes debt funding the interest payment obligations	Investment as 8% e rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given] company: (Any three) more viable. company failing to meet	1 x 3
[Note: In case, a student has calculated Return on [16,00,000/₹2,00,00,000] and compared it with the [10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct concluded that favour issue of debentures by the compared to the property of the correct concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct concluded that the correct concluded that the shareholders have lost one of the co	Investment as 8% e rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given] company: (Any three) more viable. company failing to meet	1 x 3 = 3 marks
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[Note: In case, a student has calculated Return on It (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. (b) Factors that favour issue of debentures by the conclusion of the conclusion of the conclusion. (ii) High Interest Coverage ratio lowers the risk of its interest payment obligations. (iii) High debt service coverage ratio indicates bett service obligations. (iv) If Return on Investment of the company is high debt, its ability to use debt is greater. (v) Lower the cost of debt higher is the ability to en (vi) High tax rate makes debt relatively cheaper.	Investment as 8% rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given more viable. company failing to meet the ability to meet the debt ther than the interest rate on employ debt.	1 x 3 = 3 marks = 3+3 =
[Note: In case, a student has calculated Return on [16,00,000/₹2,00,00,000] and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclude (i) A good cash flow position makes debt funding a (ii) High Interest Coverage ratio lowers the risk of its interest payment obligations (iii) High debt service coverage ratio indicates bett service obligations. (iv) If Return on Investment of the company is high debt, its ability to use debt is greater. (v) Lower the cost of debt higher is the ability to en (vi) High tax rate makes debt relatively cheaper. (vii) If the stock market conditions are bearish, a condition are bearish.	Investment as 8% rate of interest which is after the issue of e Return of Investment, 1 ce value and has shown usion, full credit be given more viable. company failing to meet the ability to meet the debt ther than the interest rate on employ debt.	1 x 3 = 3 marks = 3+3 =
[Note: In case, a student has calculated Return on 1 (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct concludity.] [In case the examinee has assumed any other factorrect calculations and given the correct conclude.]	Investment as 8% erate of interest which is after the issue of erate and has shown usion, full credit be given] company: (Any three) more viable. company failing to meet the ability to meet the debt ther than the interest rate on employ debt.	1 x 3 = 3 marks = 3+3 =
This clearly shows that the shareholders have lost adebentures since the Earning per share has decreased. [Note: In case, a student has calculated Return on 19 (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In case the examinee has assumed any other factorrect calculations and given the correct calculation and given the correct calculation. [In case the examinee has assumed any other factorrect calculations and given the correct calculation. [In case the examinee has assumed any other factorrect calculations and given the correct calculation. [In case the examinee has assumed any other factorrect calculations and given the correct calculation. [In case the examin	Investment as 8% erate of interest which is after the issue of erate and has shown usion, full credit be given] company: (Any three) more viable. company failing to meet the ability to meet the debt ther than the interest rate on employ debt.	1 x 3 = 3 marks = 3+3 =
[Note: In case, a student has calculated Return on I (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct concluding in the correct concluding in the property of the property of the correct concluding in the correct concluding in the property of the correct concluding in the property of the correct concluding in the correct concluding in the property of the correct concluding in the property of the correct concluding in the property of the correct concluding in the control of the company is higher than the correct concluding in the correct concluding in the correct concluding in the correct concluding in the correct concluding in the correct concluding in the correct c	Investment as 8% arate of interest which is after the issue of the Return of Investment, 1 are value and has shown asion, full credit be given are viable. Company failing to meet the ability to meet the debt ther than the interest rate on the many many may be able to the tot, it will favour debt as a	1 x 3 = 3 marks = 3+3 =
[Note: In case, a student has calculated Return on 1 (16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have lost Debentures since the interest rate is greater than the mark is to be awarded] [In case the examinee has assumed any other factorrect calculations and given the correct conclusion. [In a good cash flow position makes debt funding the interest payment obligations. [In this interest payment obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations. [In high debt service coverage ratio indicates bett service obligations.	Investment as 8% arate of interest which is after the issue of the Return of Investment, 1 are value and has shown asion, full credit be given are viable. Company failing to meet the ability to meet the debt ther than the interest rate on the many many may be able to the tot, it will favour debt as a	1 x 3 = 3 marks = 3+3 =

	(xi) Raising funds through debt involves <u>low floatation costs.</u>	
	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	
25	Q. Pooja purchased a packet of juice from the local grocery shop. The information provided on the packet was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief. (a) Identify the important aspect which has been neglected by the	
	marketer in the above case.	1 mark
	(b) Explain briefly the functions of the aspect identified in (a) above.	+
	Ans. (a) Labelling.	½ mark for heading +
	(b) Functions of labelling: (any five points with explanation)	½ mark for explanation
	(i) Describes the product and specifies its contents.	=
	(ii) Identifies the product or brand.	1 x 5
	(iii) Helps in grading of products. (iv) Helps in promotion of products.	= 5 marks
	(v) Provides information required by law.	S marks
	(v) i fortuces information required by law.	1+5
	(If an examinee has not given the headings as above but has given the	=
	correct explanation, full credit should be given)	6 marks

MARKING SCHEME – 2015-16	Ó
BUSINESS STUDIES	

66/2/2	FOREIGN – 66/2/2	
1	Q. Manvendra always went to a specific shop to buy all consumable and non-consumable goods. In this shop variety of products of different brands were displayed nicely and the sales person available also gave good sales presentation if required. But this shop was quite far off from his residence. His friend Annant always wondered why Manvendra wastes so much time in. going to that shop where as there were many big brand shops situated near his residence having consumable and non-consumable goods. Annant asked Manvendra the reason of going to that particular shop. Manvendra told that he was exercising one of his 'Rights' which he could not exercise in nearby big brand shops. State the consumer's right which Manvendra had exercised.	
	Ans. Right to choose which states that the consumer has the freedom to chose from a variety of products at competitive prices.	1 mark
2	Q. Name the marketing function which is concerned with the important decision of managing inventory. Ans. Physical distribution.	1 mark
3	Q. 'Best Bulbs Pvt. Ltd. was manufacturing good quality LED bulbs and catering to local market. The current production of the company is 800 bulbs a day. Sumit, the marketing manager of the company surveyed the market and decided to supply the bulbs to five-star-hotels also. He anticipated the higher demand in future and decided to buy a sophisticated machine to further improve the quality and quantity of the bulbs produced. Identify the factor affecting fixed capital requirements of the company. Ans. Growth prospects.	
		1 mark
4	Q. Name and state the aspect of financial management that provides a link between investment and financing decisions. Ans. Financial planning.	1 mark
5	Q. Name the organizational structure which helps in increasing managerial and operational efficiency. Ans. Functional structure.	1 mark
6	Q. Is management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the costbenefit? Give reason in support of your answer.	½ mark +
	Ans. No, management is not only concerned with doing the right task,	

	completing activities and achieving goals but also has to take into	½ mark
	consideration the cost benefit i.e. doing the task correctly and with minimum cost.	=
		1 mark
7	Q. Give the meaning of 'authority' as an element of delegation.	
	Ans. Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.	1 mark
8	Q. State the role of 'Speed Boss' in functional foremanship.	
	Ans. The role of 'speed boss' as a foreman in functional foremanship is to ensure timely and accurate completion of job.	1 mark
9	Q. State any three direction which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint.	
	Ans. If the Consumer Court is satisfied with the genuineness of the complaint, it can issue one or more of the following directions to the aggrieved party as reliefs: (Any three) (i) To remove the defect in goods or the deficiency in service. (ii) To replace the defective product with a new one, free from any defect. (iii) To refund the price paid for the product. (iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to negligence of the opposite party. (v) To pay punitive damages in appropriate circumstances. (vi) To discontinue the unfair/ restrictive trade practice and not to repeat the same in future. (vii) Not to offer hazardous goods for sale. (viii) To withdraw hazardous goods from sale. (ix) To cease manufacture of hazardous goods. (x) To pay any amount (not less than 5% of the value of the defective goods to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner. (xi) To issue corrective advertisement to neutralize the effect of misleading advertisement.	1 x 3 = 3 marks
	(xii) To pay adequate costs to the appropriate party. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	
10	Q. Mr. Aditya Gupta was the chairman of Vandan Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of `Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the hank, he was not allowed to buy shares of the hank. He called one of his rich friends Nimesh and asked	

	him to invest Rs.6 crores in the shares of his bank promising him the capital gain. As expected, the share prices went up by 40% and the market price of Nimesh's shares was now ₹8.4 crores Rupees. He had earned a profit of ₹2.4 crores Rupees. He gave ₹1.2 crore Rupees to Mr. Aditya Gupta and kept ₹1.2 crore Rupees with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Aditya Gupta. By quoting the lines from the above para identify and state any two function, that were performed by SEB1 in the above case.	
	Ans . Functions that were performed by SEBI in the above case were:	
	(i) Regulatory function	
	'On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.'	
	SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.	½ mark for identifying each function
	(ii) Protective function	+ ½ mark for quoting
	'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'	the line
	SEBI controls insider trading and imposes penalties for such practices.	½ mark for each statement =
	(If an examinee has given only the headings, ½ mark for each heading should be awarded)	1 ½ x 2 =
		3 marks
11	Q. Vinod - The Human Resource Manager, U mesh - The Assistant manager and Ashok -The Marketing Head of Hitachi Enterprises Ltd. decided to leave the company. The Chief Executive Officer of the company called the Human Resource Manager. Vinod and requested him to till-up the vacancies before leaving the organization. Vinod suggested that his subordinate Rajesh is very competent and trustworthy. If he could be moved up in the hierarchy, he would do the needful. The Chief Executive Officer agreed for the same. Rajesh contacted 'Zenith Recruiters' who advertised for the post of marketing head for 'Hitachi Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Umesh's vacancy was filled-up by screening the database of unsolicited applications lying in the office. (a) Name the internal/external sources of recruitment used by 'Hitachi Enterprises Ltd.' to fill-up the above stated vacancies. (b) Also, state any one merit of each of the above identified source of recruitment.	

	Ans. (a) Sources of recruitment used to fill up the vacancies are:	
	(i) Promotion	1/ 2
	(ii) Placement Agencies and Management Consultants (iii) Casual Callers	½ x 3
	(b) Merit of each of the above identified source of recruitment: Promotion: (Any one)	= 1 ½ marks
	(i) It helps to improve motivation, loyalty and satisfaction level of employees.(ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.	
	(iii) It is a more reliable way of recruitment since the candidates are known to the organisation.(iv) It is a cheaper source of recruitment.	+
	Placement Agencies and Management Consultants: (Any one) (i) They recommend suitable names to their clients.	½ x 3
	(ii) It helps in enticing the needed top executives from other companies by making the right offers.	= 1 ½ marks
	Casual Callers: (Any one) (i) It reduces the cost of recruiting workforce in comparison to other sources. (ii) It saves time.	=
	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	1 ½ + 1 ½
		=
12	O Mu Mahan Vuman is the assurance I I sands Entermises counting on	3 marks
12	Q. Mr. Mohan Kumar, is the owner of- Jason's Enterprises, carrying on the business of manufacturing sanitary items. There is a lot of discontentment in the organization and the targets are not being met. He asked his son Ritesh, who has recently completed his MBA, to find out	
	the reason. Ritesh found that his father did not have confidence in the competency of	½ x 2
	employees and was not seeking their advice or opinion. There was also lack of transparency in the operations of the business. Thus, the employees were not happy.	= 1 mark
	(a) Identify any two communication harriers because of which 'Jason's Enterprises' was not able to achieve its targets.	+
	(b) State one more barrier each of the type identified in part (a) above.	1 mark
	 Ans. (a) Two communication barriers are: (i) Personal barrier/ Lack of confidence of superior on his subordinates. (ii) Organisational barrier/ Organisational facilities. 	+
	(b) Personal barrier: (Any one)	

	(i) Fear of challenge to authority may make the superior withhold	1 mark
	communication.	
	(ii) Unwillingness to communicate on the part of the subordinates may arise if	=
	they perceive that the communication may adversely affect their interests.	1+1+1
	(iii) <u>Lack of proper incentives</u> may hinder the initiative of the subordinates to	_
	communicate.	3 marks
	(If an examinee has given only the heading, ½ mark for each heading	
	should be awarded)	
	Organisational barrier: (Any one)	
	(i) Organisational policy may not be supportive to free flow of	
	communication.	
	(ii) Rigid Rules and regulations may delay communication.	
	(iii) Status of the superior may not allow his subordinates to express their	
	\ / 1	
	feelings freely.	
	(iv) Complexity in organization structure leads to delayed and distorted	
	communication.	
	(If an examinee has given only the heading, ½ mark for each heading	
	should be awarded)	
13	Q. Explain any three features of 'Planning'.	
	Ans. Features of planning (any three points with explanation):	
	(i) Focuses on achieving objectives.	½ mark for heading
	(ii) Primary function of management.	+
	(iii) Pervasive.	½ mark for explan-
	(iv) Continuous.	ation
		=
	(v) Futuristic.	
	(vi) Involves decision-making.	1 x 3
	(vii) Mental exercise.	=
		3 marks
	(If an examinee has not given the headings as above but has given the	
	correct explanations, full credit should be given)	
4.4		
14	Q. Explain any four points that highlight the importance of management.	
	Ans. Importance of management: (Any four with explanation)	
		½ mark for the
	(a) Helps in achieving group goals.	
	(b) Increases efficiency.	heading
	(c) Creates a dynamic organisation.	+
	(d) Helps in achieving personal objectives.	½ mark for
	(e) Helps in the development of society.	explanation
		=
	(If an examinee has not given the headings as above but has given the	1 x 4
	correct explanations, full credit should be given)	=
		4 marks

15	Q. Diksha Ltd. was marketing "Dish-Washer' which were very Popular due to their quality and after-sale services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored its after-sale services. As a result its relations with the customers got 'Toiled and the image of the company was damaged in the eyes of the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring after-sale services was its reason. Therefore, the company took all possible measures to protect and promote its image. As a result the goodwill of the company improved in the society. (a) Name and state the communication tool used by the marketer in the above case to improve its images. (b) Also explain role of the tool as identified in part (a). Ans. (a) Public Relations. Public Relations refer to a variety of programmes to promote and protect a	
	company's image or its products in the eyes of the public.	
	(or any other correct meaning)	
	 (b) Role of Public Relations: (any three points with explanation) (i) Press Relations. (ii) Product Publicity. 	½ mark for naming the tool +
	(iii) Corporate Communication. (iv) Lobbying.	½ mark for stating
	(v) Counselling. (vi) Smooth functioning of business.	1/ ₂ + 1/ ₂ =
	(vi) Image building. (vii) Launching new products.	1 mark
	(viii) Facing adverse publicity.(ix) Supplementing advertising.	+
	(x) Satisfying interest of different public groups.(xi) Building awareness	½ mark for heading
	(xii) Building credibility.(xiii) Stimulating sales force.(xiv) Lowering promotion costs.	+ ½ mark for its explanation =
	(If an examinee has not given the headings but has given the correct explanation, full credit should be given)	1 x 3 = 3 marks = 1+3 = 4 marks
16	Q. K.S. Energy Ltd. was an energy efficiency consultancy company. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the team leader used to travel by air. whereas his team travelled by road/train. It was not only time consuming but also at times	

forced female team members to travel alone. As a result, the subordinates were not acting in a desired manner to achieve organizational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and changed the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about the presentation to be (liven to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader. State the features, of the element of the function of management used by the CEO.	
Ans. Features of motivation: (a) It is an internal feeling as the urges, drives or needs of human beings which influence human behaviour are internal. (b) It produces goal directed behaviour as it stimulates people to accomplish desired goals. (c) It can be positive in the form of positive rewards or negative like punishment, stopping increments etc.	1 x 4
(d) It is a <u>complex process</u> as any type of motivation may not have a uniform effect on all the members. (If an examinee has given only the headings, ½ mark for each heading	4 marks
should be awarded) 17 Q. 'Panda Trucks Ltd.' decided to set-up its new truck manufacturing	
factory in the backward area of Bihar where very less job opportunities were available. People of that area welcomed this effort of 'Panda Trucks Ltd.'. To attract people to work in its factory it also decided to provide many other facilities like school, hospital. market etc. in the factory premises. 'Panda Trucks Ltd.' started earning huge profits. Another competiting company asked its production manager 'Sanjay' to investigate the reasons of earning huge profits by 'Panda Trucks Ltd'. Sanjay found out that in both the companies there was systematic coordination among the various activities to achieve organizational goals. Each employee knew who was, responsible and accountable to whom. The only difference was that in his organization communication took place only through the scalar chain, whereas 'Panda Trucks Ltd: was allowing flow of communication in all the directions as per the requirement which lead 10 faster spread of information as well as quick feedback. (a) Identify the type of Organization which permits 'Panda Trucks Ltd.' the flow of communication in all the direction. (b) State an advantage of the type of organization identified in (a) above. (c) State values which 'Panda Trucks Ltd.' wanted to communicate to the society.	1 mark +
Ans. (a) Informal organisation.	1 mark for advantage
(b) Advantage of informal organisation: (Any one)	+

	(i) It fulfills social needs.	
	(ii) It compensates for inadequacies in the formal organisation.	
	(ii) it compensates for intellegates in the formal organisation.	1 mark for each value
	(If an examinee has given only the headings, ½ mark for each heading	=
	should be awarded)	1 x 2
	, and the second	=2 marks
	(c) Values which 'Panda Trucks Ltd.' wanted to communicate to the society	=
	are: (Any two)	1+1+2
	(i) Development of backward regions.	=
	(ii) Creating employment opportunities.	4 marks
	(iii) Providing basic amenities to employees.	
	(iv) Fulfilling social responsibility.	
	(Or any other correct value)	
18	Q. 'Accent Electronics Ltd.' was operating its business in Malaysia. The	
	company started exporting its products to India when the Prime	
	Minister announced relaxation in import duties on electronic items. The	
	company appointed retailers in India who had direct online links with	
	the suppliers to replenish stocks when needed.	
	Identify and explain the dimensions of business environment discussed in	
	the above case.	1 1 6
	(i) Political environment	1 mark for identification of each
	(i) Political environment	dimension
	Political environment includes political conditions such as general stability	uiiiciisioii
	and peace in the country and specific attitudes that elected government	+
	representatives hold towards business.	•
	(ii) Technological environment	1 mark for its
		explanation
	Technological Environment of business includes forces relating to scientific	<u>*</u>
	improvements and innovations which provide new ways of producing goods	=
	and services and new methods and techniques of operating a business.	
		2 + 2
		_
		=
10	O State any form functions of Stock Ek	4 marks
19	Q. State any four functions of Stock Exchange.	
	Ans. Functions of Stock Exchange are: (Any four)	
	(a) It provides liquidity and marketability to existing securities by allowing	
	the investors a chance to disinvest and reinvest.	
	(b) It determines the price of securities on the basis of the forces of demand	
	and supply.	1 x 4
	(c) It <u>ensures safety of transactions</u> as the transactions carried out within an	
	existing legal framework.	=
	(d) It <u>contributes to economic growth</u> as it indirectly promotes capital	

20	formation. (e) It spreads equity cult and ensures wider share ownership. (f) It provides scope for speculation within the provisions of law. (If an examinee has given only the heading, ½ mark for the each heading should be awarded)	4 marks
20	(i) The standards of performance are set which serve as the criteria against which actual performance will be measured. (ii) Actual performance is measured in an objective and reliable manner in the same units in which standards are set. (iii) Actual performance is compared with the standards to find out the deviation. (iv) Deviations are analysed for their causes through Critical Point Control and Management by Exception. (v) Corrective action is taken if deviations go beyond the acceptable limits (If an examinee has given only the headings, ½ mark for each heading should be awarded)	1 mark for each statement = 1 x 5 = 5 marks
21	Q. Two years ago Nishant, completed his degree in Textile Engineering. He worked for sometime in a company manufacturing readymade garments. He was not happy in the company and decided to have his own readymade garments manufacturing unit. He set the objectives and the targets and formulate action plan to achieve the same. One of his objectives was to earn 80% profit on the amount invested in the first year. It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Ritesh as a production manager, who decides the exact manner in which the production activities are to be carried out. Ritesh also prepared a statement showing the requirement of workers in the factory throughout the year. Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter. A penalty of ₹200 per day was announced for the workers who found smoking in the factory premises. Quoting lines from the above para identify and explain the different types of plans discussed.	
	Ans. The different types of plans are:	
	(i) Objective	
	'One of his objectives was to earn 80% profit on the amount invested in the first year.'	
	An objective is the end which the management seeks to achieve within a given time period.	

	(ii) Policy	
	'It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit.'	
	Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.	1/ moult fou identifying
	(iii) <u>Procedure</u>	½ mark for identifying the type of plan and quoting it
	'He also decided to follow the steps required for marketing the products through his own outlets.' OR	+ ½ mark for its explanation
	'He appointed Ritesh as a production manager, who decides the exact manner in which the production activities are to be carried out.'	= 1 x 5 =
	It consists of sequence of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed.	5 marks
	(iv) <u>Budget</u>	5 marks
	'Ritesh also prepared a statement showing the requirement of workers in the factory throughout the year. '	3 marks
	OR 'Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter.'	
	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.	
	(v) <u>Rule</u>	
	'A penalty of ₹200 per day was announced for the workers who found smoking in the factory premises.'	
	A rule is a statement that specifies what is to be done or not to be done.	
22	Q. Yash is working in a multinational company in Noida. He was running temperature for the last many days. When his blood was tested, he found positive for chickengunia. He was admitted in the hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his immediate superior 'Vineet'. Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for Yash. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings. (a) From the above para quote lines that indicate formal and informal communication.	
	(b) State any two features of informal communication.(c) Identify any two values that are being communicated by Vineet to the	½ mark for indicating type

	an alaku	of
	society.	
		communication
	Ans. (a) Formal communication	+
		½ mark for quoting
	When the General Manager came to know about it, he ordered for	the lines
	· · · · · · · · · · · · · · · · · · ·	=
	fumigation in the company premises and cleanliness of the surroundings.'	
		1 x 2
	Informal communication	=
		2 marks
	'One of his colleagues sent a text message to his immediate superior	
	'Vineet'.'	1
	vineei.	+
	OR	¹⁄₂ x 2
		=
	Vineet immediately sent a text message to the employees of the organization	1 mark
	, , , , , ,	1 IIIai K
	requesting them to donate blood for Yash.'	
		+
	(b) Features of Informal communication: (Any two)	
		1 x 2
	(i) It takes place without following the formal lines of communication.	=
	(ii) It arises out of social needs of the employees	2 marks
	(iii) It spreads rapidly.	=
		2+1+2
	(or any other correct feature)	=
	(or any other correct leature)	5
		5 marks
23	Q. Explain any four points which highlight the nature of 'Principles of	
	Management'.	
	11-11-11-11-11-11-11-11-11-11-11-11-11-	
	And Notions of animainless of managements (Anny form noints with	
	Ans. Nature of principles of management: (Any four points with	
	explanation)	
	(i) Universal applicability.	½ mark for the
	(ii) General guidelines.	heading
	(iii) Formed by practice and experimentation.	T 1 0 0
	(iv) Flexible.	1 mark for
	(v) Mainly behavioural.	Explanation
	(vi) Cause and effect relationship.	=
	(vii) Contingent	1 ½ x 4
	(vii) Contingont	1 /2 A T
	/TO	
	(If an examinee has not given the headings as above but has given the	6 marks
	correct explanation, full credit should be given)	
24	Q. Pooja purchased a packet of juice from the local grocery shop. The	
_ 		
	information provided on the packet was not clear. She fell sick on	
	consuming it. She filed a case in the District Forum under Consumer	
	Protection Act and got the relief.	
	(a) Identify the important aspect which has been neglected by the	
1		
	marketer in the above case.	1 mark
	(b) Explain briefly the functions of the aspect identified in (a) above.	+
		+

	(b) Functions of labelling: (any five points with explain	nation)	½ mark for explanation
	(i) Describes the product and specifies its contents.		=
	(ii) Identifies the product or brand.		1 x 5
	(iii) Helps in grading of products.		=
	(iv) Helps in promotion of products.		5 marks
	(v) Provides information required by law.		=
			1+5
	(If an examinee has not given the headings as above correct explanation, full credit should be given)	but has given the	= 6 marks
25	Q. Sakshi Ltd. is a company manufacturing electron share capital of 120 lakhs. The earning per share in was 0.5. For diversification, the company require ad lakhs. The company raised funds by issuing 10% de same. During the current year the company earned capital employed. It paid tax @ 40%. (a) State whether the shareholders gained or lost in per share on diversification. Show your calculations (b) Also state any three factors that favour the issue company as pan of its capital structure. Ans. (a) Earning per share before diversification: ₹0.50 Calculation of Earning per share after issue of Debenture.	the previous year ditional capital of 80 bentures for the profit of 16 lakhs on respect of earning clearly. of debentures by the	
	value of ₹100 per share)		2 manles for
	D (1	x	2 marks for
	Particulars	₹	calculating Profit available to
	Share capital	1,20,00,000	shareholders
	10% debentures	80,00,000	(₹4,80,000)
	Total	2,00,00,000	(\4,80,000)
	Profit before interest and tax	16,00,000	
	Less Interest	8,00,000	
	Profit before tax	8,00,000	+
	Less tax@ 40%	3,20,000	T
	Profit available to shareholders	4,80,000	
	Earning per share = 4,80,000/1,20,000	=₹4	1 mark for correct calculation of Earning per share and
	This clearly shows that the <u>shareholders have gained</u> af debentures since the Earning per share has increased from		conclusion
	OR		
	Calculation of Earning per share after issue of Debentur	res: (assuming face	=
	value of ₹10 per share)		
	Particulars	₹	
	Share capital	1,20,00,000	2+1
	10% debentures	80,00,000	
	1070 decentares	55,00,000	

	Total	2,00,00,000	=
	Profit before interest and tax	16,00,000	
	Less Interest	<u>8,00,000</u>	
1 1	Profit before tax	8,00,000	
	Less tax@ 40%	<u>3,20,000</u>	3 marks
1 1	Profit available to shareholders	4,80,000	for any of the given
	Earning per share		correct calculations
	= 4,80,000/12,00,000	=₹0.40	
	his clearly shows that the shareholders have lost after ebentures since the Earning per share has decreased finds. Note: In case, a student has calculated Return on Invel. 16,00,000/₹2,00,00,000) and compared it with the rate 16,00,000/₹2,00,00,000) and compared it with the rate 16,00,000/₹2,00,00,000) and compared it with the rate 16,00,000/₹2,00,00,000 and compared it with the rate 16,00,000 and concluded that the shareholders have lost after 16,00,000 and concluded that the shareholders have lost after 16,000 and concluded that the shareholders have lost after 16,000 and concluded that the shareholders have lost for the company is the company in the shareholders have lost of debt higher is the ability to employ in the stock market conditions are bearish, a compasily raise funds through debt. (A) If the stock market conditions are bearish, a compasily raise funds through debt. (B) If the business risk is lower, its capacity to use debt 17 (a) Raising funds through debt involves low floatation 18 (a) Raising funds through debt involves low floatation 19 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 17 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Raising funds through debt involves low floatation 16 (a) Rai	the issue of rom ₹0.50 to ₹0.40. stment as 8% of interest which is rethe issue of turn of Investment, 1 alue and has shown n, full credit be given] bany: (Any three) or viable. apany failing to meet the debt than the interest rate on the property of	+ 1 x 3 = 3 marks = 3+3 = 6 marks
	hould be awarded)		

	MARKING SCHEME – 2015-16	DISTRIBUTION OF MARKS
	BUSINESS STUDIES	
66/2/3	FOREIGN – 66/2/3	

	EXPECTED ANSWERS / VALUE POINTS	
1	Q. Name and state the aspect of financial management that provides a link between investment and financing decisions.Ans. Financial planning.	1 mark
2	Q. 'Best Bulbs Pvt. Ltd. was manufacturing good quality LED bulbs and catering to local market. The current production of the company is 800 bulbs a day. Sumit, the marketing manager of the company surveyed the market and decided to supply the bulbs to five-star-hotels also. He anticipated the higher demand in future and decided to buy a sophisticated machine to further improve the quality and quantity of the bulbs produced. Identify the factor affecting fixed capital requirements of the company.	
	Ans. Growth prospects.	1 mark
3	Q. Manvendra always went to a specific shop to buy all consumable and non-consumable goods. In this shop variety of products of different brands were displayed nicely and the sales person available also gave good sales presentation if required. But this shop was quite far off from his residence. His friend Annant always wondered why Manvendra wastes so much time in. going to that shop where as there were many big brand shops situated near his residence having consumable and non-consumable goods. Annant asked Manvendra the reason of going to that particular shop. Manvendra told that he was exercising one of his 'Rights' which he could not exercise in nearby big brand shops. State the consumer's right which Manvendra had exercised. Ans. Right to choose which states that the consumer has the freedom to chose	
	from a variety of products at competitive prices.	
4	Q. Name the marketing function which is concerned with the important	1 mark
-	decision of managing inventory. Ans. Physical distribution.	1 mark
5	Q. Is management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the costbenefit? Give reason in support of your answer. Ans. No, management is not only concerned with doing the right task, completing activities and achieving goals but also has to take into consideration the cost benefit i.e. doing the task correctly and with minimum cost.	½ mark + ½ mark =
6	O Name the ergenizational structure which halps in increasing	1 mark
o	Q. Name the organizational structure which helps in increasing managerial and operational efficiency.	
	V V	

	Ans. Functional structure.	1 mark
7	Q. What is meant by Decentralization? Ans. Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points. (or any other correct meaning)	1 mark
8	Q. State the role of 'Gang Boss' in functional foremanship.	
	Ans. The role of 'gang boss' as a foreman in functional foremanship is to keep the machines and tools ready for operation by workers.	1 mark
9	Q. Vinod - The Human Resource Manager, U mesh - The Assistant manager and Ashok - The Marketing Head of Hitachi Enterprises Ltd. decided to leave the company. The Chief Executive Officer of the company called the Human Resource Manager. Vinod and requested him to till-up the vacancies before leaving the organization. Vinod suggested that his subordinate Rajesh is very competent and trustworthy. If he could be moved up in the hierarchy, he would do the needful. The Chief Executive Officer agreed for the same. Rajesh contacted 'Zenith Recruiters' who advertised for the post of marketing head for 'Hitachi Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Umesh's vacancy was filled-up by screening the database of unsolicited applications lying in the office. (a) Name the internal/external sources of recruitment used by 'Hitachi Enterprises Ltd.' to fill-up the above stated vacancies. (b) Also, state any one merit of each of the above identified source of recruitment. Ans. (a) Sources of recruitment used to fill up the vacancies are:	
	(i) Promotion (ii) Placement Agencies and Management Consultants (iii) Casual Callers	
	(b) Merit of each of the above identified source of recruitment: Promotion: (Any one) (i) It helps to improve motivation, loyalty and satisfaction level of employees. (ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to a chain of promotions at lower levels in the organisation. (iii) It is a more reliable way of recruitment since the candidates are known to the organisation. (iv) It is a cheaper source of recruitment.	½ x 3 = 1½ marks
	Placement Agencies and Management Consultants: (Any one) (i) They recommend suitable names to their clients.	+

	(ii) It helps in enticing the needed top executives from other companies by	
	making the right offers.	
	Casual Callers: (Any one) (i) It reduces the cost of recruiting workforce in comparison to other sources.	$^{1/2} \times 3$ =
	(ii) It saves time.	1 ½ marks
	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	=
		1 ½ + 1 ½
		=
		3 marks
10	Q. State any three direction which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint. Ans. If the Consumer Court is satisfied with the genuineness of the complaint,	
	it can issue one or more of the following directions to the aggrieved party as reliefs: (Any three) (i) To remove the defect in goods or the deficiency in service.	
	(ii) To <u>replace</u> the defective product with a new one, free from any defect. (iii) To <u>refund the price</u> paid for the product.	
	(iv) To pay a <u>reasonable amount of compensation</u> for any loss or injury suffered by the consumer due to negligence of the opposite party. (v) To pay <u>punitive damages</u> in appropriate circumstances.	
	(vi) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future.	
	 (vii) Not to offer hazardous goods for sale. (viii) To withdraw hazardous goods from sale. (ix) To cease manufacture of hazardous goods. 	1 x 3
	(x) To pay any amount (not less than 5% of the value of the defective goods to be credited to the Consumer Welfare Fund or any other organisation/person, to	=
	be utilised in the prescribed manner. (xi) To issue corrective advertisement to neutralize the effect of misleading	3 marks
	advertisement. (xii) To pay adequate costs to the appropriate party.	
	(If an examinee has given only the headings, ½ mark for each heading should be awarded)	
11	Q. Mr. Aditya Gupta was the chairman of Vandan Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced taking over of 'Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the hank, he was not allowed to buy shares	

	of the hank. He called one of his rich friends Nimesh and asked him to invest Rs.6 crores in the shares of his bank promising him the capital gain. As expected, the share prices went up by 40% and the market price of Nimesh's shares was now ₹8.4 crores Rupees. He had earned a profit of ₹2.4 crores Rupees. He gave ₹1.2 crore Rupees to Mr. Aditya Gupta and kept ₹1.2 crore Rupees with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Aditya Gupta. By quoting the lines from the above para identify and state any two function, that were performed by SEBI in the above case. Ans. Functions that were performed by SEBI in the above case were:	
	(i) Regulatory function	
	'On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.'	
	SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.	½ mark for identifying
	(ii) Protective function	each function +
	'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'	½ mark for quoting the line
	SEBI controls insider trading and imposes penalties for such practices.	+ ½ mark for each
	(If an examinee has given only the headings, ½ mark for each heading should be awarded)	statement = 1 ½ x 2 = 3 marks
12	Q. Mr. Mohan Kumar, is the owner of- Jason's Enterprises, carrying on the business of manufacturing sanitary items. There is a lot of discontentment in the organization and the targets are not being met. He asked his son Ritesh, who has recently completed his MBA, to find out the reason.	o marks
	Ritesh found that his father did not have confidence in the competency of employees and was not seeking their advice or opinion. There was also	¹ / ₂ x 2 =
	lack of transparency in the operations of the business. Thus, the	1 mark
	employees were not happy. (a) Identify any two communication harriers because of which 'Jason's Enterprises' was not able to achieve its targets.	+
	(b) State one more barrier each of the type identified in part (a) above.	1 mark
	Ans. (a) Two communication barriers are: (i) Personal barrier/ Lack of confidence of superior on his subordinates.	+

	(ii) Organisational barrier/ Organisational facilities.	
	(b) Personal barrier: (Any one)	
	(i) Fear of challenge to authority may make the superior withhold	1 mark
	communication.	
	(ii) Unwillingness to communicate on the part of the subordinates may arise if	=
	they perceive that the communication may adversely affect their interests.	1+1+1
	(iii) Lack of proper incentives may hinder the initiative of the subordinates to	=
	communicate.	3 marks
	(If an examinee has given only the heading, ½ mark for each heading	
	should be awarded)	
	Organisational barrier: (Any one)	
	(i) Organisational policy may not be supportive to free flow of	
	communication.	
	(ii) Rigid Rules and regulations may delay communication.	
	(iii) Status of the superior may not allow his subordinates to express their	
	feelings freely.	
	(iv) Complexity in organization structure leads to delayed and distorted	
	communication.	
	(If an examinee has given only the heading, ½ mark for each heading	
	should be awarded)	
13	Q. Explain the first three steps in the process of 'Planning'.	
		½ mark for each
	First two steps in the process of planning are: (With explanation)	heading
		+
	(i) Setting objectives	½ mark for its
	(ii) Developing premises	explanation
	(iii) Identifying alternative courses of action	=
		1 x 3
	(If an examinee has not given the headings as above but has given the	=
	correct explanation, full credit should be given)	3 marks
14	Q. Explain any four features of co-ordination.	
	Ans. Characteristics of co-ordination are: (Any four with description)	
	(i) Integrates group efforts.	½ mark for heading
	(ii) Ensures unity of action.	+
	(iii) Continuous process.	½ mark for
	(iv) Pervasive function.	explan-
	(v) Responsibility of all managers.	ation
	(vi) Deliberate function.	=
		1 x 4
	4.0	
	(if an examinee has not given the headings as above but have given the	_ =
	(if an examinee has not given the headings as above but have given the correct explanations, full credit should be given)	= 4 marks
15		= 4 marks

	get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the team leader used to travel by air. whereas his team travelled by road/train. It was not only time consuming but also at times forced female team members to travel alone. As a result, the subordinates were not acting in a desired manner to achieve organizational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and changed the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about the presentation to be (liven to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader. State the features, of the element of the function of management used by the CEO.	
	Ans. Features of motivation: (a) It is an internal feeling as the urges, drives or needs of human beings which influence human behaviour are internal. (b) It produces goal directed behaviour as it stimulates people to accomplish desired goals. (c) It can be positive in the form of positive rewards or negative like punishment, stopping increments etc. (d) It is a complex process as any type of motivation may not have a uniform effect on all the members. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	1 x 4 = 4 marks
16	Q. Diksha Ltd. was marketing "Dish-Washer' which were very Popular due to their quality and after-sale services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored its after-sale services. As a result its relations with the customers got 'Toiled and the image of the company was damaged in the eyes of the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring after-sale services was its reason. Therefore, the company took all possible measures to protect and promote its image. As a result the goodwill of the company improved in the society. (a) Name and state the communication tool used by the marketer in the above case to improve its images. (b) Also explain role of the tool as identified in part (a). Ans. (a) Public Relations. Public Relations refer to a variety of programmes to promote and protect a company's image or its products in the eyes of the public.	
	(or any other correct meaning)	½ mark for naming
	(b) Role of Public Relations: (any three points with explanation)	the tool
	34	

(ii) Product Publicity. (iii) Corporate Communication. (iv) Lobbying. (v) Counselling. (vi) Smooth functioning of business. (vi) Image building. (vii) Launching new products. (vii) Facing adverse publicity. (ix) Supplementing advertising. (x) Satisfying interest of different public groups. (xi) Building awareness (xii) Building aredibility. (xiii) Stimulating sales force. (xiv) Lowering promotion costs. (If an examinee has not given the headings but has given the correct explanation, full credit should be given) 7 Q. 'Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed. (i) Political environment Political environment includes political conditions such as general stability and explain the dimensions of business environment discussed in the above case. (ii) Technological environment Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business. 1 mark fe explana 1 mark fe explana 2 Panda Trucks Ltd.' decided to set-up its new truck manufacturing factory in the backward area of Bihar where very less job opportunities were available. People of that area welcomed this effort of 'Panda Trucks Ltd.'. To attract people to work in its factory it also decided to provide	1	(i) p p.1-4:	<u> </u>
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	of earning huge profits by 'Panda Trucks Ltd'. Sanjay found out that in both the companies there was systematic coordination among the various activities to achieve organizational goals. Each employee knew who was, responsible and accountable to whom. The only difference was that in his organization communication took place only through the scalar chain, whereas 'Panda Trucks Ltd: was allowing flow of communication in all the directions as per the requirement which lead 10 faster spread of information as well as quick feedback. (a) Identify the type of Organization which permits 'Panda Trucks Ltd.' the flow of communication in all the direction. (b) State an advantage of the type of organization identified in (a) above. (c) State values which 'Panda Trucks Ltd.' wanted to communicate to the society. Ans. (a) Informal organisation. (b) Advantage of informal organisation: (Any one) (i) It fulfills social needs. (ii) It compensates for inadequacies in the formal organisation. (If an examinee has given only the headings, ½ mark for each heading should be awarded) (c) Values which 'Panda Trucks Ltd.' wanted to communicate to the society	1 mark + 1 mark for advantage + 1 mark for each value = 1 x 2 =2 marks
	are: (Any two)	=
	(i) Development of backward regions.(ii) Creating employment opportunities.	1+1+2
	(iii) Providing basic amenities to employees.	4 marks
	(iv) Fulfilling social responsibility.	3
	(Or any other correct value)	
19	Q. State any four functions of financial market.	
	Ans. Functions of financial market:	
	 (i) It mobilises savings and channelises them into most productive use by facilitating transfer of savings from savers to investors. (ii) It facilitates price discovery for financial assets by interaction of forces of demand and supply. (iii) It provides liquidity to financial assets as the securities can be easily converted into cash. (iv) It helps to save time, effort and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other. (If an examinee has given only the heading, ½ mark for each heading should be awarded) 	1 x 4 = 4 marks

20 Q. State any five points that highlight the importance of controlling. Ans. Importance of controlling (any five): (a) It helps in accomplishing organisational goals by bringing to light, deviations if any and indicating corrective action. 1 mark for each (b) It helps in making efficient use of resources by ensuring that each activity statement is performed in accordance with pre-determined standards. (c) It ensures order and discipline among employees by keeping a close check 1×5 on their activities. (d) It improves employee motivation as the employees' know well in advance the standards of performance on the basis of which they will be appraised. 5 marks (e) It helps in judging accuracy of standards in the light of changes taking place in the organisation and in the environment. (f) It facilitates coordination in action as each department in governed by predetermined standards which are well coordinated with one another. (If an examinee has given only the headings, ½ mark for each heading should be awarded) O. Two years ago Nishant, completed his degree in Textile Engineering. 21 He worked for sometime in a company manufacturing readymade garments. He was not happy in the company and decided to have his own readymade garments manufacturing unit. He set the objectives and the targets and formulate action plan to achieve the same. One of his objectives was to earn 80% profit on the amount invested in the first year. It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Ritesh as a production manager, who decides the exact manner in which the production activities are to be carried out. Ritesh also prepared a statement showing the requirement of workers in the factory throughout the year. Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter. A penalty of ₹200 per day was announced for the workers who found smoking in the factory premises. Quoting lines from the above para identify and explain the different types of plans discussed. **Ans.** The different types of plans are: (i) Objective 'One of his objectives was to earn 80% profit on the amount invested in the first year.' An objective is the end which the management seeks to achieve within a given time period. (ii) Policy 'It was decided that raw materials like cloth, thread, buttons etc. will be purchased on two months credit.'

Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives. (iii) Procedure ½ mark for identifying the type of plan and 'He also decided to follow the steps required for marketing the products quoting it through his own outlets.' OR½ mark for its 'He appointed Ritesh as a production manager, who decides the exact manner explanation in which the production activities are to be carried out.' 1×5 It consists of sequence of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed. 5 marks (iv) Budget 'Ritesh also prepared a statement showing the requirement of workers in the 5 marks factory throughout the year. ' OR'Nishant informed Ritesh about his sales target for different products areawise for the forthcoming quarter.' 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. (v) Rule 'A penalty of ₹200 per day was announced for the workers who found smoking in the factory premises.' A rule is a statement that specifies what is to be done or not to be done. 22 Q. Yash is working in a multinational company in Noida. He was running temperature for the last many days. When his blood was tested, he found positive for chickengunia. He was admitted in the hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his immediate superior 'Vineet'. Vineet immediately sent a text message to the employees of the organization requesting them to donate blood for Yash. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings. (a) From the above para quote lines that indicate formal and informal communication. (b) State any two features of informal communication. (c) Identify any two values that are being communicated by Vineet to the society. ½ mark for indicating Ans. (a) Formal communication type of 'When the General Manager came to know about it, he ordered for fumigation communication

in the company premises and cleanliness of the surround	lings.'	+
Informal communication		½ mark for quoting the lines =
'One of his colleagues sent a text message to his immedia	ate superior 'Vineet'.'	1 x 2
OR		2 marks
'Vineet immediately sent a text message to the employees requesting them to donate blood for Yash.'	s of the organization	+
(b) Features of Informal communication: (Any two)		½ x 2 =
(i) It takes place without following the formal lines of co(ii) It arises out of social needs of the employees(iii) It spreads rapidly.	mmunication.	1 mark +
(or any other correct feature)		1 x 2 = 2 marks =
		2+1+2 = 5 marks
0.5. For diversification, the company require addition lakhs. The company raised funds by issuing 10% deb During the current year the company earned profit of employed. It paid tax @ 40%. (a) State whether the shareholders gained or lost in reshare on diversification. Show your calculations clear (b) Also state any three factors that favour the issue of company as pan of its capital structure. Ans. (a) Earning per share before diversification: ₹0.50 Calculation of Earning per share after issue of Debenture value of ₹100 per share)	2 marks for	
Particulars Share capital 10% debentures Total	1,20,00,000 80,00,000 2,00,00,000	calculating Profit available to shareholders (₹4,80,000)
Profit before interest and tax Less Interest Profit before tax Less tax@ 40%	16,00,000 <u>8,00,000</u> 8,00,000 3,20,000	+
Profit available to shareholders	4,80,000	

Earning per share = 4,80,000/1,20,000	=₹4	1 mark for correct calculation of Earning per share and conclusion
This clearly shows that the shareholders have gain debentures since the Earning per share has increas		Conclusion
OR		=
Calculation of Earning per share after issue of Del	pentures: (assuming face	
value of ₹10 per share)	∓	2+1
Particulars Share assistable	₹ 1.20.00.000	2.1
Share capital 10% debentures	1,20,00,000	
	80,00,000	=
Total Profit before interest and tax	2,00,00,000	
Less Interest	16,00,000	
Profit before tax	8,00,000 8,00,000	
Less tax@ 40%	3,20,000	3 marks
Profit available to shareholders	4,80,000	for any of the given
Earning per share	4,80,000	correct calculations
= 4,80,000/12,00,000	=₹0.40	
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the	Investment as 8% e rate of interest which is	
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have los Debentures since the interest rate is greater than the mark is to be awarded]	Investment as 8% e rate of interest which is t after the issue of the Return of Investment, <u>1</u>	+
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have los Debentures since the interest rate is greater than the	Investment as 8% e rate of interest which is t after the issue of the Return of Investment, <u>1</u> are value and has shown	+ 1 x 3
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 0% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded] In case the examinee has assumed any other factorized calculations and given the correct conclude that favour issue of debentures by the since the factorized that favour issue of debentures by the since the good cash flow position makes debt funding	Investment as 8% e rate of interest which is t after the issue of the Return of Investment, 1 ce value and has shown tusion, full credit be given to the more viable.	
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct conclude i) Factors that favour issue of debentures by the (i) A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations	Investment as 8% e rate of interest which is t after the issue of the Return of Investment, 1 are value and has shown tusion, full credit be given to the more viable. Company failing to meet its	1 x 3 =
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 0% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct conclude i) A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations iii) High debt service coverage ratio indicates bettervice obligations.	Investment as 8% e rate of interest which is tafter the issue of he Return of Investment, 1 ace value and has shown lusion, full credit be given more viable. Company: (Any three) more viable. Company failing to meet its ter ability to meet the debt	1 x 3 = 3 marks
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 0% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct conclude i) A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations iii) High debt service coverage ratio indicates between obligations. iv) If Return on Investment of the company is high	Investment as 8% e rate of interest which is tafter the issue of he Return of Investment, 1 ace value and has shown lusion, full credit be given more viable. Company: (Any three) more viable. Company failing to meet its ter ability to meet the debt	1 x 3 = 3 marks = 3+3 =
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 0% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct concluded by Factors that favour issue of debentures by the oi) A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations iii) High debt service coverage ratio indicates between the company is higher. Note: In case, a student has calculated Return on Investment of the company is higher.	Investment as 8% e rate of interest which is t after the issue of the Return of Investment, 1 are value and has shown the lusion, full credit be given to more viable. Some company: (Any three) more viable. Some company failing to meet its ter ability to meet the debt the therethan the interest rate on	1 x 3 = 3 marks =
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 0% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct concluded by Factors that favour issue of debentures by the big A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations iii) High debt service coverage ratio indicates between obligations. iv) If Return on Investment of the company is highebt, its ability to use debt is greater. v) Lower the cost of debt higher is the ability to evil High tax rate makes debt relatively cheaper.	Investment as 8% e rate of interest which is tafter the issue of the Return of Investment, 1 are value and has shown the lusion, full credit be given to more viable. The company failing to meet its ter ability to meet the debt the than the interest rate on employ debt.	1 x 3 = 3 marks = 3+3 =
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct concluded i) A good cash flow position makes debt funding ii) High Interest Coverage ratio lowers the risk of interest payment obligations iii) High debt service coverage ratio indicates between obligations. iv) If Return on Investment of the company is higher, its ability to use debt is greater. v) Lower the cost of debt higher is the ability to ever its examined in the stock market conditions are bearish, a casily raise funds through debt.	Investment as 8% e rate of interest which is t after the issue of ne Return of Investment, 1 ace value and has shown lusion, full credit be given] company: (Any three) more viable. Company failing to meet its ter ability to meet the debt gher than the interest rate on employ debt. company may be able to	1 x 3 = 3 marks = 3+3 =
Note: In case, a student has calculated Return on 16,00,000/₹2,00,00,000) and compared it with the 10% and concluded that the shareholders have los Debentures since the interest rate is greater than the nark is to be awarded. In case the examinee has assumed any other factorect calculations and given the correct concluded that favour issue of debentures by the case that the case that the case that the case that t	Investment as 8% e rate of interest which is tafter the issue of the Return of Investment, 1 are value and has shown the lusion, full credit be given to more viable. The company failing to meet its ter ability to meet the debt the gher than the interest rate on the employ debt. The company may be able to the entrol, it will favour debt as a	1 x 3 = 3 marks = 3+3 =

	(x) If the business risk is lower, its capacity to use debt is higher.	
	(xi) Raising funds through debt involves <u>low floatation costs.</u>	
	(If an examinee has given only the heading, ½ mark for each heading should be awarded)	
24	 Q. Pooja purchased a packet of juice from the local grocery shop. The information provided on the packet was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief. (a) Identify the important aspect which has been neglected by the marketer in the above case. (b) Explain briefly the functions of the aspect identified in (a) above. 	1 mark + ½ mark for heading
	Ans. (a) Labelling.	+ ½ mark for
	(b) Functions of labelling: (any five points with explanation) (i) Describes the product and specifies its contents.	explanation =
	(ii) Identifies the product or brand.	1 x 5
	(iii) Helps in grading of products.	=
	(iv) Helps in promotion of products.	5 marks
	(v) Provides information required by law.	=
		1+5
	(If an examinee has not given the headings as above but has given the	=
	correct explanation, full credit should be given)	6 marks
25	Q. Explain why is it said that principles of management are 'mainly behavioral' and 'contingent' in nature. Also explain how principles of management 'provide managers with useful insights into reality' and 'help in thoughtful decision-making.'	
	Ana Mainly behavioral	
	 Ans. Mainly behavioral Management principles aim at influencing human behaviour. They enable a better understanding of the relationship between human and material resources in achieving organisational goals. 	
	 Contingent Application of principles of management is dependent upon the prevailing situation at a particular point of time. The application of principles of management has to be changed as per the requirements. 	1 ½ x 4 =
	Provide managers with useful insights into reality Adherence to the principles adds to their knowledge, ability and understanding of managerial situations and circumstances. They also enable managers to learn from past mistakes and conserve time by solving recurring problem quickly.	6 marks
	 Help in thoughtful decision-making Management principles emphasise on logic rather than on blind faith. Management decisions taken on the basis of principles are free from bias. 	