

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2015-16
Marking Scheme---Business Studies (Delhi) 66/1/1, 66/1/2, 66/1/3.

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.

66/1/1	<p style="text-align: center;">MARKING SCHEME – 2015-16 BUSINESS STUDIES DELHI – 66/1/1 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRIBUTION OF MARKS</p>
1	<p>Q. ‘Management is the process of getting things done.’ State the meaning of the term ‘process’ used in this statement.</p> <p>Ans. ‘Process’ means series of primary functions or activities that management performs to get things done.</p>	<p style="text-align: center;">1 mark</p>
2	<p>Q. Give the meaning of ‘authority’ as an element of delegation.</p> <p>Ans. Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.</p>	<p style="text-align: center;">1 mark</p>
3	<p>Q. Name the type of ‘organisational structure’ which promotes efficiency in utilisation of manpower.</p> <p>Ans. Functional structure.</p>	<p style="text-align: center;">1 mark</p>
4	<p>Q. State the role of ‘gang boss’ in functional foremanship.</p> <p>Ans. The role of ‘gang boss’ as a foreman in functional foremanship is to keep the machines and tools ready for operation by workers.</p>	<p style="text-align: center;">1 mark</p>
5	<p>Q. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.</p> <p>Ans. Investment decision/ Capital budgeting decision.</p> <p>Investment decision refers to how the firm’s funds are invested in different assets so as to earn the highest possible return to the investors.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for naming + $\frac{1}{2}$ mark for stating = $\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
6	<p>Q. Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company ‘Fashionate Pvt. Ltd.’ They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching Centre they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier.</p> <p>In the basement of the building of ‘Fashionate Pvt. Ltd.’ Preveen and Ramesh were carrying on a printing and stationery business in the name of ‘Neo Prints Pvt. Ltd.’ Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment, Praveen agreed to this. Identify the factor affecting fixed capital requirements of ‘Fashionate Pvt. Ltd.’</p> <p>Ans. Level of Collaboration.</p>	

		1 mark
7	<p>Q. Name the marketing function which is concerned with informing the customers about the firm's products.</p> <p>Ans. Promotion.</p>	1 mark
8	<p>Q. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised.</p> <p>Ans. <u>Right to be informed</u> which states that a consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity etc.</p> <p style="text-align: center;">OR</p> <p><u>Right to be heard</u> which states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p>	1 mark
9	<p>Q. Explain any three features of 'Planning'.</p> <p>Ans. <u>Features of planning (any three points with explanation):</u></p> <p>(i) Focuses on achieving objectives. (ii) Primary function of management. (iii) Pervasive. (iv) Continuous. (v) Futuristic. (vi) Involves decision-making. (vii) Mental exercise.</p> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1 x 3 = 3 marks</p>
10	<p>Q. Mr. Shubhendu Bose is the owner of 'Bikmac Enterprise' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organization and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason.</p> <p>Naval found that all decision making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result both the employer and the employees were not able to understand each other's messages in the same sense. Thus, the employees were not happy and targets were not met.</p> <p>(a) Identify any two communication barriers because of which Bikmac Enterprise was not able to achieve its target.</p> <p>(b) State one more barrier each of the types identified in (a) above.</p> <p>Ans. (a) <u>Two communication barriers are:</u></p> <p>(i) Organisational barrier/ Organisational policy (ii) Psychological barrier/ Distrust.</p>	

	<p>(b) <u>Organisational barrier</u>: (Any one)</p> <p>(i) <u>Rigid Rules and regulations</u> may delay communication.</p> <p>(ii) <u>Status</u> of the superior may not allow his subordinates to express their feelings freely.</p> <p>(iii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p>(iv) <u>Lack of organizational facilities</u> like frequent meetings, suggestion box etc. may discourage free flow of communication.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p><u>Psychological barrier</u>: (any one)</p> <p>(i) <u>Premature evaluation</u> i.e. evaluating the meaning of the message before the completion of the message may lead to prejudices against communication.</p> <p>(ii) <u>Lack of attention</u> i.e. non-listening of the message acts a major psychological barrier.</p> <p>(iii) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>½ x 2 = 1 mark</p> <p>+</p> <p>1 mark</p> <p>+</p> <p>1 mark</p> <p>= 1+1+1 = 3 marks</p>
11	<p>Q. Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti the Human Resource Manager of ‘Senor Enterprises Ltd.’ decided to leave the company.</p> <p>The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted ‘Keith Recruiters’ who advertised for the post of marketing head for ‘Senor Enterprises Ltd., They were able to recruit a suitable candidate for the company.</p> <p>Raman’s vacancy was filled up by screening the database of unsolicited applications lying in the office.</p> <p>(a) Name the internal/external sources of recruitment used by ‘Senor Enterprises Ltd.’ to fill up the above stated vacancies.</p> <p>(b) Also state any one merit of each of the above identified source of recruitment.</p> <p>Ans. (a) Sources of recruitment used to fill up the vacancies are:</p> <p>(i) Promotion (ii) Placement Agencies and Management Consultants (iii) Casual Callers</p> <p>(b) Merit of each of the above identified source of recruitment: Promotion: (Any one)</p> <p>(i) It helps to improve motivation, loyalty and satisfaction level of employees.</p>	<p>½ x 3</p>

	<p>(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.</p> <p>(iii) It is a more reliable way of recruitment since the candidates are known to the organisation.</p> <p>(iv) It is a cheaper source of recruitment.</p> <p>Placement Agencies and Management Consultants: (Any one)</p> <p>(i) They recommend suitable names to their clients.</p> <p>(ii) It helps in enticing the needed top executives from other companies by making the right offers.</p> <p>Casual Callers: (Any one)</p> <p>(i) It reduces the cost of recruiting workforce in comparison to other sources.</p> <p>(ii) It saves time.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>=</p> <p>1 ½ marks</p> <p>+</p> <p>½ x 3</p> <p>=</p> <p>1 ½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p>
12	<p>Q. Mr. Sanjay Nehra was the Chairman of ‘Taran 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 was about to announce taking over of ‘Vena Bank.’ Mr. Sanjay Nehra knew that the share price of ‘Taran Bank’ would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹5 crores in shares of his bank promising him the capital gains.</p> <p>As expected the share prices went up by 40% and the market price of Sudhir’s shares was now ₹7 crores. He earned a profit of ₹2 crores. He gave ₹1 crore to Mr. Sanjay Nehra and kept ₹1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.</p> <p>By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.</p> <p>Ans. Functions that were performed by SEBI in the above case were:</p> <p>(i) Regulatory function</p> <p><i>‘On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.’</i></p>	

	<p>SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.</p> <p>(ii) Protective function</p> <p><i>'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'</i></p> <p>SEBI controls insider trading and imposes penalties for such practices.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>½ mark for identifying each function + ½ mark for quoting the line + ½ mark for each statement = 1 ½ x 2 = 3 marks</p>
13	<p>Q. State any three functions performed by non-governmental organisations for consumer protection.</p> <p>Ans. Functions performed by non-governmental organisations for consumer protection are: (any three)</p> <p>(i) <u>Educating the general public</u> about consumer rights. (ii) <u>Publishing periodicals and other publications.</u> (iii) Carrying out comparative <u>testing of consumer products.</u> (iv) Encouraging consumers to strongly <u>protest and take action</u> against unscrupulous, exploitative and unfair trade practices of sellers. (v) <u>Providing legal assistance</u> to consumers. (vi) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers. (vii) Taking initiative in <u>filing cases in consumer courts</u> in the interest of the general public.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 x 3 = 3 marks</p>
14	<p>Q. Explain any four points of importance of management.</p> <p>Ans. <u>Importance of management: (Any four with explanation)</u></p> <p>(a) Helps in achieving group goals. (b) Increases efficiency. (c) Creates a dynamic organisation. (d) Helps in achieving personal objectives. (e) Helps in the development of society.</p> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for the heading + ½ mark for explanation = 1 x 4 = 4 marks</p>
15	<p>Q. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organized by Directorate of Education.</p>	

	<p>He was awarded first prize for his invention. Identify and explain the dimensions of business environment discussed in the above case.</p> <p>Ans. <u>Dimensions of business environment:</u></p> <p>(i) Economic environment</p> <p>Economic environment refers to factors and forces concerning means of production and distribution of wealth.</p> <p style="text-align: center;">OR</p> <p>Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise.</p> <p>(ii) Technological environment</p> <p>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.</p>	<p style="text-align: center;">1 mark for identification of each dimension</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for its explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 + 2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
16	<p>Q. ‘Steelo Ltd.’ decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of ‘Steelo 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.</p> <p>‘Steelo Ltd.’ started earning huge profits. Another competing company asked its production manager ‘Aslam’ to investigate the reasons of earning huge profits by ‘Steelo Ltd.’</p> <p>Aslam found that in both the companies there was systematic coordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain whereas ‘Steelo Ltd.’ was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.</p> <p>(a) Identify the type of organisation which permits ‘Steelo Ltd.’ the flow of communication in all the directions.</p> <p>(b) State another advantage of the type of organisation identified in (a) above.</p> <p>(c) State any two values which ‘Steelo Ltd.’ wanted to communicate to the society.</p> <p>Ans. (a) Informal organisation.</p> <p>(b) <u>Advantage of informal organisation:</u> (Any one)</p> <p>(i) It fulfills social needs</p> <p>(ii) It compensates for inadequacies in the formal organisation.</p>	<p style="text-align: center;">1 mark</p>

	<p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p> <p>(c) <u>Values which ‘Steelo Ltd.’ wanted to communicate to the society are:</u> (Any two) (i) Development of backward regions. (ii) Creating employment opportunities. (iii) Providing basic amenities to employees. (iv) Fulfilling social responsibility.</p> <p style="text-align: center;">(Or any other correct value)</p>	<p style="text-align: center;">+</p> <p>1 mark for advantage</p> <p style="text-align: center;">+</p> <p>1 mark for each value</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">=2 marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1+1+2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
17	<p>Q. ‘Alfa Ltd.’ was dealing in renewable energy. 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 leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone.</p> <p>As a result, the subordinates were not acting in desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leaders would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about presentation to be given 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.</p> <p>State the features of the element of the function of management used by the CEO.</p> <p>Ans. Features of motivation:</p> <p>(a) It is an <u>internal feeling</u> as the urges, drives or needs of human beings which influence human behaviour are internal.</p> <p>(b) It <u>produces goal directed behaviour</u> as it stimulates people to accomplish desired goals.</p> <p>(c) It can be <u>positive</u> in the form of positive rewards <u>or negative</u> like punishment, stopping increments etc.</p> <p>(d) It is a <u>complex process</u> as any type of motivation may not have a uniform effect on all the members.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p style="text-align: center;">1 x 4</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
18	<p>Q. A company was marketing ‘water purifiers’ which were very popular due to their quality and after sales 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 the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current</p>	

	<p>quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.</p> <p>(a) Name and state the communication tool used by the marketer in the above case to improve its image. (b) Also explain role of the tool as identified in part (a).</p> <p>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.</p> <p style="text-align: center;">(or any other correct meaning)</p> <p>(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. (ix) Supplementing advertising. (x) Satisfying interest of different public groups. (xi) Building awareness (xii) Building credibility. (xiii) Stimulating sales force. (xiv) Lowering promotion costs.</p> <p>(If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p>	<p>$\frac{1}{2}$ mark for naming the tool + $\frac{1}{2}$ mark for stating = $\frac{1}{2} + \frac{1}{2}$ = 1 mark</p> <p style="text-align: center;">+</p> <p>$\frac{1}{2}$ mark for heading + $\frac{1}{2}$ mark for its explanation = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
19	<p>Q. State any four functions of 'Stock Exchange.'</p> <p>Ans. Functions of Stock Exchange are: (Any four)</p> <p>(a) It <u>provides liquidity and marketability</u> to existing securities by allowing the investors a chance to disinvest and reinvest. (b) It <u>determines the price of securities</u> on the basis of the forces of demand and supply. (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 formation.</p>	<p style="text-align: right;">1 x 4</p> <p style="text-align: right;">=</p> <p style="text-align: right;">4 marks</p>

	<p>(e) It <u>spreads equity cult</u> and ensures wider share ownership.</p> <p>(f) It <u>provides scope for speculation</u> within the provisions of law.</p> <p>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</p>	
20	<p>Q. Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same.</p> <p>One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of ₹100 per day for not wearing the caps, gloves and apron was announced.</p> <p>Quoting lines from the above para identify and explain the different types of plans discussed</p> <p>Ans. The different types of plans are:</p> <p>(i) <u>Objective</u></p> <p><i>‘One of her objective is to earn 10% profit on the amount invested in the first year’.</i></p> <p>An objective is the end which the management seeks to achieve within a given time period.</p> <p>(ii) <u>Policy</u></p> <p><i>‘It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only’.</i></p> <p>Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.</p> <p>(iii) <u>Procedure</u></p> <p><i>‘She also decided to follow the steps required for marketing of the products through her own outlets’.</i></p> <p>OR</p> <p><i>‘She appointed Mohan as a Production Manager who decides the exact</i></p>	<p style="text-align: center;">½ mark for identifying the type of plan and quoting + ½ mark for its explanation = 1 x 5 = 5 marks</p>

	<p><i>manner in which the production activities are to be carried out</i>’.</p> <p>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.</p> <p>(iv) <u>Budget</u></p> <p><i>‘Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year’.</i></p> <p>OR</p> <p><i>‘Madhu informed Mohan about the sales target for different products, areawise for the forthcoming quarter’.</i></p> <p>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.</p> <p>(v) <u>Rule</u></p> <p><i>‘While working on the production table, a penalty of ₹100 per day for not wearing the caps, gloves and aprons was announced’.</i></p> <p>A rule is a statement that specifies what is to be done or not to be done.</p>	<p>5 marks</p>
<p>21</p>	<p>Q. Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested, he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior ‘Mr. Narain’. ‘Mr. Narain’ in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.</p> <p>(a) From the above para quote lines that indicate formal and informal communication.</p> <p>(b) State any two features of informal communication.</p> <p>(c) Identify any two values that are being communicated to the society in the above case.</p> <p>Ans. (a) <u>Formal communication</u></p> <p><i>‘When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.’</i></p> <p><u>Informal communication</u></p> <p><i>‘One of his colleagues sent a text message about it to his immediate superior ‘Mr. Narain’.</i></p> <p>OR</p> <p><i>‘Mr. Narain’ in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun’.</i></p>	<p>½ mark for indicating type of communication</p> <p>+</p> <p>½ mark for quoting the lines</p> <p>=</p> <p>1 x 2</p>

	<p>(b) <u>Features of Informal communication: (Any two)</u></p> <p>(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.</p> <p style="text-align: center;">(or any other correct feature)</p> <p>(c) <u>Values being communicated to the society are: (Any two)</u></p> <p>(i) Concern for the environment (ii) Cleanliness and hygiene (iii) Concern for safety of human beings (iv) Sensitivity towards health</p> <p style="text-align: center;">(Or any other correct value)</p> <p>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</p>	<p style="text-align: center;">=</p> <p style="text-align: center;">2 marks</p> <p style="text-align: center;">+</p> <p style="text-align: center;">$\frac{1}{2} \times 2$</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1×2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">$2+1+2$</p> <p style="text-align: center;">=</p> <p style="text-align: center;">5 marks</p>
22	<p>Q. Explain any five points which highlight the importance of controlling function of management.</p> <p>Ans. Importance of controlling (Any five points with explanation):</p> <p>(i) Accomplishing organisational goals. (ii) Making efficient use of resources. (iii) Ensuring order and discipline. (iv) Improving employee motivation. (v) Judging accuracy of standards. (vi) Facilitating co-ordination in action.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for heading</p> <p style="text-align: center;">+</p> <p style="text-align: center;">$\frac{1}{2}$ mark for explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1×5</p> <p style="text-align: center;">=</p> <p style="text-align: center;">5 marks</p>
23	<p>Q. Explain any four characteristics of ‘principles of management.’</p> <p>Ans. Characteristics of principles of management: (Any four points with explanation)</p> <p>(i) Universal applicability. (ii) General guidelines. (iii) Formed by practice and experimentation. (iv) Flexible. (v) Mainly behavioural. (vi) Cause and effect relationship. (vii) Contingent</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for heading</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">$1 \frac{1}{2} \times 4$</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p>
24	<p>Q. ‘Viyo Ltd.’ is a company manufacturing textiles. It has a share capital of rupees 60 lakhs. The earning per share in the previous year</p>	

was rupees 0.50. For diversification, the company requires additional capital of rupees 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of rupees 8 lakh on capital employed. It paid tax @40%.

(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.

(b) Also, state any three factors that favour the issue of debentures by the company as part 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)

Particulars	₹
Share capital	60,00,000
10% debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less Interest	4,00,000
Profit before tax	4,00,000
Less tax@ 40%	1,60,000
Profit available to shareholders	2,40,000
Earning per share = 2,40,000/60,000	=₹4

This clearly shows that the shareholders have gained after the issue of debentures since the Earning per share has increased from ₹0.50 to ₹4.

OR

Calculation of Earning per share after issue of Debentures: (assuming face value of ₹10 per share)

Particulars	₹
Share capital	60,00,000
10% debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less Interest	4,00,000
Profit before tax	4,00,000
Less tax@ 40%	1,60,000
Profit available to shareholders	2,40,000
Earning per share = 2,40,000/6,00,000	=₹0.40

This clearly shows that the shareholders have lost after the issue of debentures since the Earning per share has decreased from ₹0.50 to ₹0.40.

[Note: In case, a student has calculated Return on Investment as 8% (8,00,000/₹1,00,00,000) and compared it with the rate of interest which is

2 marks for calculating Profit available to shareholders (₹2,40,000)

+

1 mark for correct calculation of Earning per share and conclusion

=

2+1

=

	<p>10% and concluded that the shareholders have lost after the issue of Debentures since the interest rate is greater than the Return of Investment, <u>1 mark is to be awarded</u></p> <p>[In case the examinee has assumed any other face value and has shown correct calculations and given the correct conclusion, full credit be given]</p> <p>(b) Factors that favour issue of debentures by the company: (Any three)</p> <p>(i) A good cash flow position makes debt funding more viable.</p> <p>(ii) <u>High Interest Coverage ratio</u> lowers the risk of company failing to meet its interest payment obligations</p> <p>(iii) <u>High debt service coverage ratio</u> indicates better ability to meet the debt service obligations.</p> <p>(iv) If <u>Return on Investment of the company is higher than the interest rate on debt</u>, its ability to use debt is greater.</p> <p>(v) <u>Lower the cost of debt higher is the ability to employ debt.</u></p> <p>(vi) <u>High tax rate</u> makes debt relatively cheaper.</p> <p>(vii) If the <u>stock market conditions are bearish</u>, a company may be able to easily raise funds through debt.</p> <p>(viii) If the <u>company does not want dilution of control</u>, it will favour debt as a source of finance.</p> <p>(ix) Inclusion of debt in the capital structure makes the capital structure <u>flexible</u>.</p> <p>(x) <u>If the business risk is lower</u>, its capacity to use debt is higher.</p> <p>(xi) Raising funds through debt involves <u>low floatation costs</u>.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>3 marks for any of the given correct calculations</p> <p>+ 1 x 3 = 3 marks</p> <p>= 3+3 = 6 marks</p>
25	<p>Q. Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle 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.</p> <p>(a) Identify the important aspect neglected by the marketer in the above case.</p> <p>(b) Explain briefly the functions of the aspect identified in (a) above.</p> <p>Ans. (a) Labelling.</p> <p>(b) Functions of labelling: (any five points with explanation)</p> <p>(i) Describes the product and specifies its contents.</p> <p>(ii) Identifies the product or brand.</p> <p>(iii) Helps in grading of products.</p> <p>(iv) Helps in promotion of products.</p> <p>(v) Provides information required by law.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>1 mark + ½ mark for heading + ½ mark for explanation = 1 x 5 = 5 marks = 1+5 = 6 marks</p>

66/1/2	<p style="text-align: center;">MARKING SCHEME-2015-16 BUSINESS STUDIES DELHI-66/1/2 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRI- BUTION OF MARKS</p>
1	<p>Q. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.</p> <p>Ans. Investment decision/ Capital budgeting decision.</p> <p>Investment decision refers to how the firm's funds are invested in different assets so as to earn the highest possible return to the investors.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for naming + $\frac{1}{2}$ mark for stating = $\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
2	<p>Q. Name the marketing function which is concerned with informing the customers about the firm's products.</p> <p>Ans. Promotion.</p>	<p style="text-align: center;">1 mark</p>
3	<p>Q. Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd.' They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching Centre they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier.</p> <p>In the basement of the building of 'Fashionate Pvt. Ltd.' Preveen and Ramesh were carrying on a printing and stationery business in the name of 'Neo Prints Pvt. Ltd.' Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment, Praveen agreed to this. Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.'</p> <p>Ans. Level of Collaboration.</p>	<p style="text-align: center;">1 mark</p>
4	<p>Q. Name the type of 'organisational structure' which promotes efficiency in utilisation of manpower.</p> <p>Ans. Functional structure.</p>	<p style="text-align: center;">1 mark</p>
5	<p>Q. 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.</p> <p>Ans. 'Process' means series of primary functions or activities that management performs to get things done.</p>	<p style="text-align: center;">1 mark</p>
6	<p>Q. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the</p>	<p style="text-align: center;">1 mark</p>

	<p>market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised.</p> <p>Ans. <u>Right to be informed</u> which states that a consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity etc.</p> <p style="text-align: center;">OR</p> <p><u>Right to be heard</u> which states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p>	
7	<p>Q. Give the meaning of ‘responsibility’ as an element of delegation.</p> <p>Ans. Responsibility as an element of delegation means obligation of a subordinate to perform the assigned duty properly.</p>	1 mark
8	<p>Q. State the role of ‘speed boss’ in functional foremanship</p> <p>Ans. The role of ‘speed boss’ as a foreman in functional foremanship is to ensure timely and accurate completion of job.</p>	1 mark
9	<p>Q. State any three functions performed by non-governmental organisations for consumer protection.</p> <p>Ans. Functions performed by non-governmental organisations for consumer protection are: (any three)</p> <p>(i) <u>Educating the general public</u> about consumer rights. (ii) <u>Publishing periodicals and other publications.</u> (iii) <u>Carrying out comparative testing of consumer products.</u> (iv) <u>Encouraging consumers to strongly protest and take action</u> against unscrupulous, exploitative and unfair trade practices of sellers. (v) <u>Providing legal assistance</u> to consumers. (vi) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers. (vii) Taking initiative in <u>filing cases in consumer courts</u> in the interest of the general public.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 x 3 = 3 marks</p>
10	<p>Q. Mr. Sanjay Nehra was the Chairman of ‘Taran 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 was about to announce taking over of ‘Vena Bank.’ Mr. Sanjay Nehra knew that the share price of ‘Taran Bank’ would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹5 crores in shares of his bank promising him the capital gains. As expected the share prices went up by 40% and the market price of Sudhir’s shares was now ₹7 crores. He earned a profit of ₹2 crores. He gave ₹1 crore to Mr. Sanjay Nehra and kept ₹1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was</p>	

	<p>able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra. By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.</p> <p>Ans. Functions that were performed by SEBI in the above case were:</p> <p>(i) Regulatory function</p> <p><i>‘On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.’</i></p> <p>SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.</p> <p>(ii) Protective function</p> <p><i>‘The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.’</i></p> <p>SEBI controls insider trading and imposes penalties for such practices.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>½ mark for identifying each function + ½ mark for quoting the line + ½ mark for each statement = 1 ½ x 2 = 3 marks</p>
11	<p>Q. Mr. Shubhendu Bose is the owner of ‘Bikmac Enterprise’ carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organization and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason.</p> <p>Naval found that all decision making of the enterprise were in the hands of his father. His father didn’t believe in his employees. As a result both the employer and the employees were not able to understand each other’s messages in the same sense. Thus, the employees were not happy and targets were not met.</p> <p>(a) Identify any two communication barriers because of which Bikmac Enterprise was not able to achieve its target.</p> <p>(b) State one more barrier each of the types identified in (a) above.</p> <p>Ans. (a) <u>Two communication barriers are:</u></p> <p>(i) Organisational barrier/ Organisational policy</p> <p>(ii) Psychological barrier/ Distrust.</p> <p>(b) <u>Organisational barrier: (Any one)</u></p> <p>(i) Rigid <u>Rules and regulations</u> may delay communication.</p> <p>(ii) <u>Status of the superior</u> may not allow his subordinates to express their feelings freely.</p> <p>(iii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p>(iv) <u>Lack of organizational facilities</u> like frequent meetings, suggestion box etc. may discourage free flow of communication.</p>	<p>½ x 2 = 1 mark +</p>

	<p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p><u>Psychological barrier: (any one)</u> (i) <u>Premature evaluation</u> i.e. evaluating the meaning of the message before the completion of the message may lead to prejudices against communication. (ii) <u>Lack of attention</u> i.e. non-listening of the message acts a major psychological barrier. (iii) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark</p> <p>+</p> <p>1 mark</p> <p>=</p> <p>1+1+1</p> <p>=</p> <p>3 marks</p>
12	<p>Q. Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti the Human Resource Manager of ‘Senor Enterprises Ltd.’ decided to leave the company. The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted ‘Keith Recruiters’ who advertised for the post of marketing head for ‘Senor Enterprises Ltd., They were able to recruit a suitable candidate for the company. Raman’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 ‘Senor Enterprises Ltd.’ to fill up the above stated vacancies. (b) Also state any one merit of each of the above identified source of recruitment.</p> <p>Ans. (a) Sources of recruitment used to fill up the vacancies are:</p> <p>(i) Promotion (ii) Placement Agencies and Management Consultants (iii) Casual Callers</p> <p>(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.</p> <p>Placement Agencies and Management Consultants: (Any one) (i) They recommend suitable names to their clients.</p>	<p>$\frac{1}{2} \times 3$</p> <p>=</p> <p>1 ½ marks</p> <p>+</p>

	<p>(ii) It helps in enticing the needed top executives from other companies by making the right offers.</p> <p>Casual Callers: (Any one)</p> <p>(i) It reduces the cost of recruiting workforce in comparison to other sources.</p> <p>(ii) It saves time.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	$\frac{1}{2} \times 3$ $=$ <p>1 ½ marks</p> $=$ $1 \frac{1}{2} + 1 \frac{1}{2}$ $=$ <p>3 marks</p>
13	<p>Q. Explain any three limitations of planning.</p> <p>Ans. <u>Limitations of planning:</u> (Any three points with explanation)</p> <p>(i) Leads to rigidity</p> <p>(ii) May not work in a dynamic environment.</p> <p>(iii) Reduces creativity.</p> <p>(iv) Involves huge costs.</p> <p>(v) Time consuming.</p> <p>(vi) Does not guarantee success.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1x3 =3 marks</p>
14	<p>Q. A company was marketing ‘water purifiers’ which were very popular due to their quality and after sales 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 the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.</p> <p>(a) Name and state the communication tool used by the marketer in the above case to improve its image.</p> <p>(b) Also explain role of the tool as identified in part (a).</p> <p>Ans. (a) <u>Public Relations.</u> 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.</p> <p>(or any other correct meaning)</p>	

	<p>(b) Role of Public Relations: (any three points with explanation)</p> <p>(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. (ix) Supplementing advertising. (x) Satisfying interest of different public groups. (xi) Building awareness (xii) Building credibility. (xiii) Stimulating sales force. (xiv) Lowering promotion costs.</p> <p>(If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p>	<p>½ mark for naming the tool + ½ mark for stating = ½ + ½ = 1 mark</p> <p>+ ½ mark for heading + ½ mark for its explanation = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
<p>15</p>	<p>Q. ‘Steelo Ltd.’ decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of ‘Steelo 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.</p> <p>‘Steelo Ltd.’ started earning huge profits. Another competing company asked its production manager ‘Aslam’ to investigate the reasons of earning huge profits by ‘Steelo Ltd.’</p> <p>Aslam found that in both the companies there was systematic coordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain whereas ‘Steelo Ltd.’ was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.</p> <p>(a) Identify the type of organisation which permits ‘Steelo Ltd.’ the flow of communication in all the directions.</p> <p>(b) State another advantage of the type of organisation identified in (a) above.</p> <p>(c) State any two values which ‘Steelo Ltd.’ wanted to communicate to the society.</p> <p>Ans. (a) Informal organisation.</p>	

	<p>(b) <u>Advantage of informal organisation: (Any one)</u> (i) It fulfills social needs (ii) It compensates for inadequacies in the formal organisation.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p> <p>(c) <u>Values which ‘Steelo Ltd.’ wanted to communicate to the society are: (Any two)</u> (i) Development of backward regions. (ii) Creating employment opportunities. (iii) Providing basic amenities to employees. (iv) Fulfilling social responsibility.</p> <p style="text-align: center;">(Or any other correct value)</p>	<p style="text-align: center;">1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for advantage</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for each value</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1+1+2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
16	<p>Q. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organized by Directorate of Education. He was awarded first prize for his invention. Identify and explain the dimensions of business environment discussed in the above case.</p> <p>Ans. <u>Dimensions of business environment:</u></p> <p>(i) Economic environment</p> <p>Economic environment refers to factors and forces concerning means of production and distribution of wealth.</p> <p style="text-align: center;">OR</p> <p>Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise.</p> <p>(ii) Technological environment</p> <p>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.</p>	<p style="text-align: center;">1 mark for identification of each dimension</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for its explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 + 2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>

17	<p>Q. ‘Alfa Ltd.’ was dealing in renewable energy. 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 leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone.</p> <p>As a result, the subordinates were not acting in desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leaders would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about presentation to be given 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.</p> <p>State the features of the element of the function of management used by the CEO.</p> <p>Ans. Features of motivation:</p> <p>(a) It is an <u>internal feeling</u> as the urges, drives or needs of human beings which influence human behaviour are internal.</p> <p>(b) It produces <u>goal directed behaviour</u> as it stimulates people to accomplish desired goals.</p> <p>(c) It can be <u>positive</u> in the form of positive rewards or <u>negative</u> like punishment, stopping increments etc.</p> <p>(d) It is a <u>complex process</u> as any type of motivation may not have a uniform effect on all the members.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p style="text-align: center;">1 x 4 = 4 marks</p>
18	<p>Q. Explain any four points of importance of principles of management.</p> <p>Ans. Importance of principles of management (Any four points with explanation)</p> <p>(i) Provide the managers with useful insights into reality.</p> <p>(ii) Help in optimum utilisation of resources and effective administration.</p> <p>(iii) Help in taking scientific decisions.</p> <p>(iv) Help in meeting changing environment requirements.</p> <p>(v) Help in fulfilling social responsibility.</p> <p>(vi) Used as a basis for management training, education and research.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit be given)</p>	<p style="text-align: center;">½ mark for heading + ½ mark for explanation = 1x4 = 4 marks</p>
19	<p>Q. State the functions of financial market.</p> <p>Ans. Functions of financial market:</p> <p>(i) It <u>mobilises savings and channelises</u> them into most productive use by facilitating transfer of savings from savers to investors.</p> <p>(ii) It <u>facilitates price discovery</u> for financial assets by interaction of forces</p>	<p style="text-align: center;">1 x 4 = 4 marks</p>

	<p>of demand and supply.</p> <p>(iii) It <u>provides liquidity</u> to financial assets as the securities can be easily converted into cash.</p> <p>(iv) It <u>helps to save time, effort</u> and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	
20	<p>Q. Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested, he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior ‘Mr. Narain’. ‘Mr. Narain’ in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.</p> <p>(a) From the above para quote lines that indicate formal and informal communication.</p> <p>(b) State any two features of informal communication.</p> <p>(c) Identify any two values that are being communicated to the society in the above case.</p> <p>Ans. (a) <u>Formal communication</u></p> <p><i>‘When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.’</i></p> <p><u>Informal communication</u></p> <p><i>‘One of his colleagues sent a text message about it to his immediate superior ‘Mr. Narain’.</i></p> <p>OR</p> <p><i>‘Mr. Narain’ in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun’.</i></p> <p>(b) <u>Features of Informal communication: (Any two)</u></p> <p>(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.</p> <p>(or any other correct feature)</p> <p>(c) <u>Values being communicated to the society are: (Any two)</u></p> <p>(i) Concern for the environment (ii) Cleanliness and hygiene (iii) Concern for safety of human beings</p>	<p>½ mark for indicating type of communication + ½ mark for quoting the lines = 1 x 2 = 2 marks</p> <p>+ ½ x 2 = 1 mark</p> <p>+ </p>

	<p>(iv) Sensitivity towards health</p> <p style="text-align: center;">(Or any other correct value)</p> <p>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</p>	<p style="text-align: center;">1 x 2 = 2 marks = 2+1+2 = 5 marks</p>
21	<p>Q. Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same.</p> <p>One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of ₹100 per day for not wearing the caps, gloves and apron was announced.</p> <p>Quoting lines from the above para identify and explain the different types of plans discussed</p> <p>Ans. The different types of plans are:</p> <p>(i) <u>Objective</u></p> <p><i>‘One of her objective is to earn 10% profit on the amount invested in the first year’.</i></p> <p>An objective is the end which the management seeks to achieve within a given time period.</p> <p>(ii) <u>Policy</u></p> <p><i>‘It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only’.</i></p> <p>Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.</p> <p>(iii) <u>Procedure</u></p> <p><i>‘She also decided to follow the steps required for marketing of the</i></p>	<p style="text-align: center;">½ mark for identifying the type of plan and quoting it + ½ mark for its explanation = 1 x 5 =</p>

	<p><i>products through her own outlets</i>’.</p> <p>OR</p> <p><i>‘She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out’.</i></p> <p>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.</p> <p>(iv) <u>Budget</u></p> <p><i>‘Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year’.</i></p> <p>OR</p> <p><i>‘Madhu informed Mohan about the sales target for different products, areawise for the forthcoming quarter’.</i></p> <p>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.</p> <p>(v) <u>Rule</u></p> <p><i>‘While working on the production table, a penalty of ₹100 per day for not wearing the caps, gloves and aprons was announced’.</i></p> <p>A rule is a statement that specifies what is to be done or not to be done.</p>	<p>5 marks</p> <p>5 marks</p>
<p>22</p>	<p>Q. Explain the steps in the controlling process.</p> <p>Ans. <u>Steps in the controlling process: (With explanation)</u></p> <p>(i) Setting performance standards. (ii) Measurement of actual performance. (iii) Comparing actual performance with the standards. (iv) Analysing deviations. (v) Taking corrective action.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</p>	<p>½ mark for the heading + ½ mark for explanation =1 x 5 5 marks</p>
<p>23</p>	<p>Q. ‘Viyo Ltd.’ is a company manufacturing textiles. It has a share capital of rupees 60 lakhs. The earning per share in the previous year was rupees 0.50. For diversification, the company requires additional capital of rupees 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of rupees 8 lakh on capital employed. It paid tax @40%.</p> <p>(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.</p> <p>(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.</p> <p>Ans. (a) Earning per share before diversification: ₹0.50</p> <p>Calculation of Earning per share after issue of Debentures: (assuming face value of ₹100 per share)</p>	

Particulars	₹
Share capital	60,00,000
10% debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less Interest	4,00,000
Profit before tax	4,00,000
Less tax@ 40%	1,60,000
Profit available to shareholders	2,40,000
Earning per share = 2,40,000/60,000	=₹4

This clearly shows that the shareholders have gained after the issue of debentures since the Earning per share has increased from ₹0.50 to ₹4.

OR

Calculation of Earning per share after issue of Debentures: (**assuming face value of ₹10 per share**)

Particulars	₹
Share capital	60,00,000
10% debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less Interest	4,00,000
Profit before tax	4,00,000
Less tax@ 40%	1,60,000
Profit available to shareholders	2,40,000
Earning per share = 2,40,000/6,00,000	=₹0.40

This clearly shows that the shareholders have lost after the issue of debentures since the Earning per share has decreased from ₹0.50 to ₹0.40.

[**Note:** In case, a student has calculated Return on Investment as 8% (8,00,000/₹1,00,00,000) and compared it with the rate of interest which is 10% and concluded that the shareholders have lost after the issue of Debentures since the interest rate is greater than the Return of Investment, **1 mark** is to be awarded]

[**In case the examinee has assumed any other face value and has shown correct calculations and given the correct conclusion, full credit be given**]

(b) Factors that favour issue of debentures by the company: (Any three)

- (i) A good cash flow position makes debt funding more viable.
- (ii) High Interest Coverage ratio lowers the risk of company failing to meet its interest payment obligations
- (iii) High debt service coverage ratio indicates better ability to meet the

2 marks for calculating Profit available to shareholders (₹2,40,000)

+

1 mark for correct calculation of Earning per share and conclusion

=

2+1

=

3 marks for any of the given correct calculations

+

1 x 3

	<p>debt service obligations.</p> <p>(iv) If <u>Return on Investment of the company is higher than the interest rate on debt</u>, its ability to use debt is greater.</p> <p>(v) <u>Lower the cost of debt higher is the ability to employ debt</u>.</p> <p>(vi) <u>High tax rate makes debt relatively cheaper</u>.</p> <p>(vii) If the <u>stock market conditions are bearish</u>, a company may be able to easily raise funds through debt.</p> <p>(viii) If the <u>company does not want dilution of control</u>, it will favour debt as a source of finance.</p> <p>(ix) Inclusion of debt in the capital structure makes the capital structure <u>flexible</u>.</p> <p>(x) <u>If the business risk is lower</u>, its capacity to use debt is higher.</p> <p>(xi) Raising funds through debt involves <u>low floatation costs</u>.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>=</p> <p>3 marks</p> <p>=</p> <p>3+3</p> <p>=</p> <p>6 marks</p>
24	<p>Q. Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle 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.</p> <p>(a) Identify the important aspect neglected by the marketer in the above case.</p> <p>(b) Explain briefly the functions of the aspect identified in (a) above.</p> <p>Ans. (a) Labelling.</p> <p>(b) Functions of labelling: (any five points with explanation)</p> <p>(i) Describes the product and specifies its contents.</p> <p>(ii) Identifies the product or brand.</p> <p>(iii) Helps in grading of products.</p> <p>(iv) Helps in promotion of products.</p> <p>(v) Provides information required by law.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>1 mark</p> <p>+</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for explanation</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5 marks</p> <p>=</p> <p>1+5</p> <p>=</p> <p>6 marks</p>
25	<p>Q. Explain any four characteristics of management.</p> <p>Ans. Characteristics of management: (Any four points with explanation)</p> <p>(i) Goal oriented process</p> <p>(ii) Group activity</p> <p>(iii) Intangible force</p> <p>(iv) Pervasive</p> <p>(v) Multi- dimensional</p> <p>(vi) Continuous process</p> <p>(vii) Dynamic function.</p> <p>(if an examinee has not given the headings as above but has given the correct explanation, full credit be given)</p>	<p>½ mark for the heading</p> <p>+</p> <p>1 mark for explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>

66/1/3	<p style="text-align: center;">MARKING SCHEME-2015-16 BUSINESS STUDIES DELHI-66/1/3 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRIBU TION OF MARKS</p>
1	<p>Q. Name the marketing function which is concerned with informing the customers about the firm's products.</p> <p>Ans. Promotion.</p>	<p style="text-align: center;">1 mark</p>
2	<p>Q. Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd.' They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching Centre they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier. In the basement of the building of 'Fashionate Pvt. Ltd.' Praveen and Ramesh were carrying on a printing and stationery business in the name of 'Neo Prints Pvt. Ltd.' Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment, Praveen agreed to this. Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.'</p> <p>Ans. Level of Collaboration.</p>	<p style="text-align: center;">1 mark</p>
3	<p>Q. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.</p> <p>Ans. Investment decision/ Capital budgeting decision.</p> <p>Investment decision refers to how the firm's funds are invested in different assets so as to earn the highest possible return to the investors.</p>	<p style="text-align: center;"> $\frac{1}{2}$ mark for naming + $\frac{1}{2}$ mark for stating = $\frac{1}{2} + \frac{1}{2}$ = 1 mark </p>
4	<p>Q. 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.</p> <p>Ans. 'Process' means series of primary functions or activities that management performs to get things done.</p>	<p style="text-align: center;">1 mark</p>
5	<p>Q. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the</p>	

	<p>market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised.</p> <p>Ans. <u>Right to be informed</u> which states that a consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity etc.</p> <p style="text-align: center;">OR</p> <p><u>Right to be heard</u> which states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p>	1 mark
6	<p>Q. Name the type of ‘organisational structure’ which promotes efficiency in utilisation of manpower.</p> <p>Ans. Functional structure.</p>	1 mark
7	<p>Q. Give the meaning of ‘accountability’ as an element of delegation.</p> <p>Ans. Accountability as an element of delegation means the answerability for the final outcome of the assigned task.</p>	1 mark
8	<p>Q. State the role of inspector in functional foremanship.</p> <p>Ans. The role of ‘inspector’ as a foreman in functional foremanship is to check the quality of work.</p>	1 mark
9	<p>Q. Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti the Human Resource Manager of ‘Senor Enterprises Ltd.’ decided to leave the company. The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted ‘Keith Recruiters’ who advertised for the post of marketing head for ‘Senor Enterprises Ltd., They were able to recruit a suitable candidate for the company. Raman’s vacancy was filled up by screening the database of unsolicited applications lying in the office.</p> <p>(a) Name the internal/external sources of recruitment used by ‘Senor Enterprises Ltd.’ to fill up the above stated vacancies.</p> <p>(b) Also state any one merit of each of the above identified source of recruitment.</p> <p>Ans. (a) <u>Sources of recruitment used to fill up the vacancies are:</u></p> <p>(i) Promotion (ii) Placement Agencies and Management Consultants (iii) Casual Callers</p> <p>(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.</p>	½ x 3

	<p>(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.</p> <p>(iii) It is a more reliable way of recruitment since the candidates are known to the organisation.</p> <p>(iv) It is a cheaper source of recruitment.</p> <p>Placement Agencies and Management Consultants: (Any one)</p> <p>(i) They recommend suitable names to their clients.</p> <p>(ii) It helps in enticing the needed top executives from other companies by making the right offers.</p> <p>Casual Callers: (Any one)</p> <p>(i) It reduces the cost of recruiting workforce in comparison to other sources.</p> <p>(ii) It saves time.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>=</p> <p>1 ½ marks</p> <p>+</p> <p>½ x 3</p> <p>=</p> <p>1 ½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p>
<p>10</p>	<p>Q. Mr. Sanjay Nehra was the Chairman of ‘Taran 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 was about to announce taking over of ‘Vena Bank.’ Mr. Sanjay Nehra knew that the share price of ‘Taran Bank’ would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹5 crores in shares of his bank promising him the capital gains.</p> <p>As expected the share prices went up by 40% and the market price of Sudhir’s shares was now ₹7 crores. He earned a profit of ₹2 crores. He gave ₹1 crore to Mr. Sanjay Nehra and kept ₹1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.</p> <p>By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.</p> <p>Ans. Functions that were performed by SEBI in the above case were:</p> <p>(i) Regulatory function</p> <p><i>‘On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.’</i></p>	

	<p>SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.</p> <p>(ii) Protective function</p> <p><i>'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'</i></p> <p>SEBI controls insider trading and imposes penalties for such practices.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>½ mark for identifying each function + ½ mark for quoting the line + ½ mark for each statement = 1 ½ x 2 = 3 marks</p>
11	<p>Q. State any three functions performed by non-governmental organisations for consumer protection.</p> <p>Ans. Functions performed by non-governmental organisations for consumer protection are: (any three)</p> <p>(i) <u>Educating the general public</u> about consumer rights. (ii) <u>Publishing periodicals and other publications.</u> (iii) Carrying out comparative <u>testing of consumer products.</u> (iv) Encouraging consumers to <u>strongly protest and take action</u> against unscrupulous, exploitative and unfair trade practices of sellers. (v) <u>Providing legal assistance</u> to consumers. (vi) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers. (vii) Taking initiative in <u>filing cases in consumer courts</u> in the interest of the general public.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 x 3 = 3 marks</p>
12	<p>Q. Mr. Shubhendu Bose is the owner of 'Bikmac Enterprise' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organization and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason.</p> <p>Naval found that all decision making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result both the employer and the employees were not able to understand each other's messages in the same sense. Thus, the employees were not happy and targets were not met.</p> <p>(a) Identify any two communication barriers because of which Bikmac Enterprise was not able to achieve its target.</p> <p>(b) State one more barrier each of the types identified in (a) above.</p> <p>Ans. (a) <u>Two communication barriers</u> are: (i) Organisational barrier/ Organisational policy (ii) Psychological barrier/ Distrust.</p> <p>(b) <u>Organisational barrier: (Any one)</u></p>	

	<p>(i) <u>Rigid Rules and regulations</u> may delay communication.</p> <p>(ii) <u>Status</u> of the superior may not allow his subordinates to express their feelings freely.</p> <p>(iii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p>(iv) <u>Lack of organizational facilities</u> like frequent meetings, suggestion box etc. may discourage free flow of communication.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p><u>Psychological barrier: (any one)</u></p> <p>(i) <u>Premature evaluation</u> i.e. evaluating the meaning of the message before the completion of the message may lead to prejudices against communication.</p> <p>(ii) <u>Lack of attention</u> i.e. non-listening of the message acts a major psychological barrier.</p> <p>(iii) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>½ x 2 = 1 mark</p> <p>+</p> <p>1 mark</p> <p>+</p> <p>1 mark</p> <p>= 1+1+1 = 3 marks</p>
13	<p>Q. Explain any three points of importance of planning.</p> <p>Ans. <u>Importance of planning: (Any three points with explanation)</u></p> <p>(i) Provides directions.</p> <p>(ii) Reduces the risk of uncertainty.</p> <p>(iii) Facilitates decision making.</p> <p>(iv) Reduces overlapping and wasteful activities.</p> <p>(v) Promotes innovative ideas.</p> <p>(vi) Establishes standards for controlling.</p> <p>(If an examinee has not given the headings as above but have given the correct explanations, full credit should be given)</p>	<p>½ mark for the heading + ½ mark for explanation = 1 x 3 = 3 marks</p>
14	<p>Q. ‘Alfa Ltd.’ was dealing in renewable energy. 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 leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone.</p> <p>As a result, the subordinates were not acting in desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leaders would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about presentation to be given 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.</p> <p>State the features of the element of the function of management used</p>	

	<p>by the CEO.</p> <p>Ans. Features of motivation:</p> <p>(a) It is an <u>internal feeling</u> as the urges, drives or needs of human beings which influence human behaviour are internal.</p> <p>(b) It <u>produces goal directed behaviour</u> as it stimulates people to accomplish desired goals.</p> <p>(c) It can be <u>positive</u> in the form of positive rewards <u>or negative</u> like punishment, stopping increments etc.</p> <p>(d) It is a <u>complex process</u> as any type of motivation may not have a uniform effect on all the members.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p style="text-align: center;">1 x 4 = 4 marks</p>
15	<p>Q. A company was marketing ‘water purifiers’ which were very popular due to their quality and after sales 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 the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.</p> <p>(a) Name and state the communication tool used by the marketer in the above case to improve its image.</p> <p>(b) Also explain role of the tool as identified in part (a).</p> <p>Ans. (a) <u>Public Relations.</u> 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.</p> <p style="text-align: center;">(or any other correct meaning)</p> <p>(b) <u>Role of Public Relations:</u> (any three points with explanation)</p> <p>(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. (ix) Supplementing advertising. (x) Satisfying interest of different public groups. (xi) Building awareness (xii) Building credibility. (xiii) Stimulating sales force. (xiv) Lowering promotion costs.</p>	<p style="text-align: center;">½ mark for naming the tool + ½ mark for stating = ½ + ½ = 1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for heading + ½ mark for its explanation =</p>

	(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	<p>Q. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organized by Directorate of Education. He was awarded first prize for his invention. Identify and explain the dimensions of business environment discussed in the above case.</p> <p>Ans. <u>Dimensions of business environment:</u></p> <p>(i) Economic environment</p> <p>Economic environment refers to factors and forces concerning means of production and distribution of wealth.</p> <p style="text-align: center;">OR</p> <p>Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise.</p> <p>(ii) Technological environment</p> <p>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.</p>	1 mark for identification of each dimension + 1 mark for its explanation = 2 + 2 = 4 marks
17	<p>Q. ‘Steelo Ltd.’ decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of ‘Steelo 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. ‘Steelo Ltd.’ started earning huge profits. Another competing company asked its production manager ‘Aslam’ to investigate the reasons of earning huge profits by ‘Steelo Ltd.’ Aslam found that in both the companies there was systematic coordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation</p>	

	<p>communication took place only through the scalar chain whereas ‘Steelo Ltd.’ was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.</p> <p>(a) Identify the type of organisation which permits ‘Steelo Ltd.’ the flow of communication in all the directions.</p> <p>(b) State another advantage of the type of organisation identified in (a) above.</p> <p>(c) State any two values which ‘Steelo Ltd.’ wanted to communicate to the society.</p> <p>Ans. (a) Informal organisation.</p> <p>(b) <u>Advantage of informal organisation: (Any one)</u></p> <p>(i) It fulfills social needs</p> <p>(ii) It compensates for inadequacies in the formal organisation.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p> <p>(c) <u>Values which ‘Steelo Ltd.’ wanted to communicate to the society are: (Any two)</u></p> <p>(i) Development of backward regions.</p> <p>(ii) Creating employment opportunities.</p> <p>(iii) Providing basic amenities to employees.</p> <p>(iv) Fulfilling social responsibility.</p> <p style="text-align: center;">(Or any other correct value)</p>	<p style="text-align: center;">1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for advantage</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for each value</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1+1+2</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
<p>18</p>	<p>Q. Explain any four points that highlight the nature of principles of management.</p> <p>Ans. Nature of principles of management: (Any four points with explanation)</p> <p>(i) Universal applicability.</p> <p>(ii) General guidelines.</p> <p>(iii) Formed by practice and experimentation.</p> <p>(iv) Flexible.</p> <p>(v) Mainly behavioural.</p> <p>(vi) Cause and effect relationship.</p> <p>(vii) Contingent</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;">½ mark for the heading</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 4</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>
<p>19</p>	<p>Q. State any four methods of floatation of new issues in the primary</p>	

	<p>market.</p> <p>Ans. <u>Methods of floatation in the primary market: (Any four points)</u></p> <p>(i) <u>Offer through Prospectus</u> is a method of floating new issues by inviting subscriptions from the public through issue of prospectus.</p> <p>(ii) <u>Offer for Sale</u> is a method in which the securities are not issued directly to the public but through intermediaries like issuing houses or stock brokers.</p> <p>(iii) <u>Private Placement</u> refers to the allotment of securities by a company to institutional investors and some selected individuals.</p> <p>(iv) <u>Rights Issue</u> is the privilege given to existing shareholders to subscribe to new issue of shares in proportion to the number of shares they already hold.</p> <p>(v) <u>E-IPO</u> refers to issuing securities through the online system of stock exchange.</p>	<p style="text-align: center;">1 x 4 = 4 marks</p>
<p>20</p>	<p>Q. Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested, he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain'. 'Mr. Narain' in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.</p> <p>(a) From the above para quote lines that indicate formal and informal communication.</p> <p>(b) State any two features of informal communication.</p> <p>(c) Identify any two values that are being communicated to the society in the above case.</p> <p>Ans. (a) <u>Formal communication</u></p> <p><i>'When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.'</i></p> <p><u>Informal communication</u></p> <p><i>'One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain'.'</i></p> <p>OR</p> <p><i>'Mr. Narain' in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun'.</i></p> <p>(b) <u>Features of Informal communication: (Any two)</u></p> <p>(i) It takes place without following the formal lines of communication.</p> <p>(ii) It arises out of social needs of the employees</p> <p>(iii) It spreads rapidly.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for indicating type of communication + $\frac{1}{2}$ mark for quoting the lines = 1 x 2 = 2 marks</p> <p style="text-align: center;">+</p>

	<p style="text-align: center;">(or any other correct feature)</p> <p>(c) <u>Values being communicated to the society are: (Any two)</u></p> <p>(i) Concern for the environment (ii) Cleanliness and hygiene (iii) Concern for safety of human beings (iv) Sensitivity towards health</p> <p style="text-align: center;">(Or any other correct value)</p> <p>(If an examinee has given only the heading, ½ mark for the each heading should be awarded)</p>	<p style="text-align: center;">$\frac{1}{2} \times 2$ = 1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1×2 = 2 marks</p> <p style="text-align: center;">= 2+1+2 = 5 marks</p>
<p>21</p>	<p>Q. Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same.</p> <p>One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of ₹100 per day for not wearing the caps, gloves and apron was announced.</p> <p>Quoting lines from the above para identify and explain the different types of plans discussed</p> <p>Ans. The different types of plans are:</p> <p>(i) <u>Objective</u></p> <p><i>‘One of her objective is to earn 10% profit on the amount invested in the first year’.</i></p> <p>An objective is the end which the management seeks to achieve within a given time period.</p> <p>(ii) <u>Policy</u></p> <p><i>‘It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops</i></p>	<p style="text-align: center;">½ mark for</p>

	<p><i>only</i>’.</p> <p>Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.</p> <p>(iii) <u>Procedure</u></p> <p><i>‘She also decided to follow the steps required for marketing of the products through her own outlets’.</i></p> <p>OR</p> <p><i>‘She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out’.</i></p> <p>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.</p> <p>(iv) <u>Budget</u></p> <p><i>‘Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year’.</i></p> <p>OR</p> <p><i>‘Madhu informed Mohan about the sales target for different products, areawise for the forthcoming quarter’.</i></p> <p>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.</p> <p>(v) <u>Rule</u></p> <p><i>‘While working on the production table, a penalty of ₹100 per day for not wearing the caps, gloves and aprons was announced’.</i></p> <p>A rule is a statement that specifies what is to be done or not to be done.</p>	<p>identifying the type of plan and quoting it + ½ mark for its explanation = 1 x 5 = 5 marks</p> <p>5 marks</p>
<p>22</p>	<p>Q. Explain the relationship between controlling and planning functions of management.</p> <p>Ans. <u>Relationship between planning and controlling: (With explanation)</u></p> <p>(i) Controlling takes place on the basis of standards developed by planning. (ii) Planning without controlling is meaningless. (iii) Planning is prescriptive whereas controlling is evaluative. (iv) Planning and controlling both are forward-looking. (v) Planning and controlling both are looking back.</p> <p>(In case the candidate has not given the relationship in the form of points but has explained all the points in his answer, full credit be given)</p>	<p>½ mark for the heading + ½ mark for explanation = 1 x 5 = 5 marks</p>
<p>23</p>	<p>Q. Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle 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.</p> <p>(a) Identify the important aspect neglected by the marketer in the</p>	

	<p>above case. (b) Explain briefly the functions of the aspect identified in (a) above.</p> <p>Ans. (a) Labelling.</p> <p>(b) Functions of labelling: (any five points with explanation) (i) Describes the product and specifies its contents. (ii) Identifies the product or brand. (iii) Helps in grading of products. (iv) Helps in promotion of products. (v) Provides information required by law.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;"> 1 mark + ½ mark for heading + ½ mark for explanation = 1 x 5 = 5 marks = 1+5 = 6 marks </p>																				
<p>24</p>	<p>Q. ‘Viyo Ltd.’ is a company manufacturing textiles. It has a share capital of rupees 60 lakhs. The earning per share in the previous year was rupees 0.50. For diversification, the company requires additional capital of rupees 40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of rupees 8 lakh on capital employed. It paid tax @40%.</p> <p>(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.</p> <p>(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.</p> <p>Ans. (a) Earning per share before diversification: ₹0.50</p> <p><u>Calculation of Earning per share after issue of Debentures: (assuming face value of ₹100 per share)</u></p> <table border="1" data-bbox="183 1344 1157 1836"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">₹</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td style="text-align: right;">60,00,000</td> </tr> <tr> <td>10% debentures</td> <td style="text-align: right;">40,00,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,00,00,000</td> </tr> <tr> <td>Profit before interest and tax</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td>Less Interest</td> <td style="text-align: right;"><u>4,00,000</u></td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Less tax@ 40%</td> <td style="text-align: right;"><u>1,60,000</u></td> </tr> <tr> <td>Profit available to shareholders</td> <td style="text-align: right;"><u>2,40,000</u></td> </tr> <tr> <td>Earning per share = 2,40,000/60,000</td> <td style="text-align: right;">= ₹4</td> </tr> </tbody> </table> <p>This clearly shows that the <u>shareholders have gained</u> after the issue of debentures since the Earning per share has increased from ₹0.50 to ₹4.</p> <p style="text-align: center;">OR</p> <p><u>Calculation of Earning per share after issue of Debentures: (assuming face value of ₹10 per share)</u></p>	Particulars	₹	Share capital	60,00,000	10% debentures	40,00,000	Total	1,00,00,000	Profit before interest and tax	8,00,000	Less Interest	<u>4,00,000</u>	Profit before tax	4,00,000	Less tax@ 40%	<u>1,60,000</u>	Profit available to shareholders	<u>2,40,000</u>	Earning per share = 2,40,000/60,000	= ₹4	<p style="text-align: center;"> 2 marks for calculating Profit available to shareholders (₹2,40,000) + </p>
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	<p>This clearly shows that the <u>shareholders have lost</u> after the issue of debentures since the Earning per share has decreased from ₹0.50 to ₹0.40.</p> <p>[Note: In case, a student has calculated Return on Investment as 8% (8,00,000/₹1,00,00,000) and compared it with the rate of interest which is 10% and concluded that the shareholders have lost after the issue of Debentures since the interest rate is greater than the Return of Investment, 1 mark is to be awarded]</p> <p>[In case the examinee has assumed any other face value and has shown correct calculations and given the correct conclusion, full credit be given]</p> <p>(b) Factors that favour issue of debentures by the company: (Any three)</p> <p>(i) A good cash flow position makes debt funding more viable.</p> <p>(ii) <u>High Interest Coverage ratio</u> lowers the risk of company failing to meet its interest payment obligations</p> <p>(iii) <u>High debt service coverage ratio</u> indicates better ability to meet the debt service obligations.</p> <p>(iv) If <u>Return on Investment of the company is higher than the interest rate on debt</u>, its ability to use debt is greater.</p> <p>(v) <u>Lower the cost of debt higher is the ability to employ debt.</u></p> <p>(vi) <u>High tax rate</u> makes debt relatively cheaper.</p> <p>(vii) If the <u>stock market conditions are bearish</u>, a company may be able to easily raise funds through debt.</p> <p>(viii) If the <u>company does not want dilution of control</u>, it will favour debt as a source of finance.</p> <p>(ix) Inclusion of debt in the capital structure makes the capital structure <u>flexible</u>.</p> <p>(x) If the <u>business risk is lower</u>, its capacity to use debt is higher.</p> <p>(xi) Raising funds through debt involves <u>low floatation costs</u>.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>		<p>2+1</p> <p>=</p> <p>3 marks for any of the given correct calculations</p> <p>+</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>3+3</p> <p>=</p> <p>6 marks</p>																				
25	<p>Q. Explain any four points of importance of management.</p> <p>Ans. Importance of management: (any four points with explanation):</p> <p>(i) Helps in achieving group goals</p> <p>(ii) Increases efficiency</p> <p>(iii) Helps in achieving personal objectives</p>		<p>½ mark for the heading</p> <p>+</p> <p>1 mark for</p>																				

	<p>(iv) Helps in the development of the society (v) Creates a dynamic organisation (if an examinee has not given the headings as above but has given the correct explanations, full credit be given)</p>	<p>explanation = 1 ½ x 4 = 6 marks</p>
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