

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2018-19
Marking Scheme---Business Studies 66/5/1, 66/5/2, 66/5/3

General Instructions:

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. Small mistakes in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully. Evaluation is a 10-12 days mission for all of us. Hence, it is desired from you too give your best in this process.
2. Evaluation is to be done as per instructions provided in the marking scheme. It should not be done according to one's own interpretation or any other consideration. Marking scheme should be strictly adhered to and religiously followed. However, while evaluating answers which are based on latest information or knowledge and innovative may be assessed and marks be awarded to them.
3. The head examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per instructions given in the marking scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking and encircled.
4. 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.
5. If a question does not have any parts marks must be awarded in the left hand margin and encircled.
6. If a student has attempted an extra question ,answer of the question deserving more marks should be retained and other answer scored out
7. 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.
8. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
9. Every examiner should stay full working hours i.e. 8 hours every day and evaluate 25 answer books.
10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be

inflated to 27 simply to pass him/ her.

11. Avoid the following common type of errors committed by the examiners in the pat-

- Leaving answers or parts thereof unassessed in the answer script.
- Giving more marks for an answer than assigned to it or deviation from the marking scheme.
- Wrong transference of marks from the inside pages of the answer books to the title page.
- Wrong question wise totaling on the title page.
- Wrong totaling of marks of the two columns on the title page.
- Wrong grand total.
- Marks in words and figures not tallying.
- Wrong transference of marks from answer books to award list.
- Answer marked as correct but marks not awarded.
- Half or a part of answer marked correct and the rest as wrong but no marks awarded.

12. 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.

13. 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.

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.

16. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

ZONE 5

66 /5 /1	66 /5 /2	66 /5 /3	MARKING SCHEME – 2018-19 BUSINESS STUDIES 66/5/1 EXPECTED ANSWERS / VALUE POINTS	Distribution of Marks
			SECTION A	
1	4	3	<p>Q. Various input resources are required by management to complete a task effectively and efficiently. Name any two.</p> <p>Ans. Following are the input resources required by management to complete a task effectively and efficiently: (Any two) (i) Money (ii) Materials (iii) Equipment (iv) Persons</p>	<p>½ mark</p> <p style="text-align: center;">+</p> <p>½ mark</p> <p style="text-align: center;">=</p> <p>1 mark</p>
2	-	-	<p>Q. Define ‘Organising’.</p> <p>Ans. Organising is defined as the process of identifying and grouping the work to be performed, assigning duties to job positions and establishing relationships for the purpose of accomplishing objectives.</p> <p style="text-align: center;">(or any other correct definition)</p> <p style="text-align: center;">OR</p> <p>Q. What is meant by ‘Delegation’?</p> <p>Ans. Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.</p> <p style="text-align: center;">(or any other correct meaning including all the three elements)</p>	<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>
3	5	5	<p>Q. All business firms would like to increase their sales and earn profits to be successful. All managers dream of these. To turn their dreams into reality, managers need to work hard in thinking about the future, in making business predictions and achieving targets. The above lines describe one of the functions of</p>	

		<p>management. Identify and define this function.</p> <p>Ans. <u>Planning</u></p> <p><u>Planning</u> is defined as the process of setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.</p> <p>(or any other correct definition)</p>	<p>½ mark</p> <p>+</p> <p>½ mark</p> <p>=</p> <p>1 mark</p>
4	-	<p>Q. Differentiate between ‘Democratic’ and ‘Laissez-faire’ style of leadership.</p> <p>Ans. ‘<u>Democratic</u>’ style of leadership</p> <p>In the ‘Democratic’ style of leadership, the leader develops action plans and makes decisions in consultation with his subordinates and encourages them to participate in decision making.</p> <p><u>‘Laissez-faire’ style of leadership</u></p> <p>In ‘Laissez-faire’ style of leadership, the leader does not believe in the use of power unless it is absolutely essential and gives a high degree of independence to the followers to formulate their own objectives and ways to achieve them.</p> <p>(or any other correct difference)</p> <p>OR</p> <p>Q. Differentiate between ‘Formal communication’ and ‘Informal communication’ on the basis of ‘Meaning’.</p> <p>Ans. <u>Formal communication</u> is the communication which flows through official channels designed in the organisation chart.</p> <p><u>Informal communication</u> is the communication that takes place without following the formal lines of communication.</p>	<p>½ mark</p> <p>+</p> <p>½ mark</p> <p>=</p> <p>1 mark</p> <p>OR</p> <p>½ mark</p> <p>+</p> <p>½ mark</p> <p>=</p> <p>1 mark</p>

5	-	-	<p>Q. How does ‘Cost of Debt’ affect the capital structure of an enterprise?</p> <p>Ans. ‘Cost of debt’ affects the choice of capital structure of a company as low interest rates increase a firm’s capacity to employ higher debt.</p> <p style="text-align: center;">OR</p> <p>Q. How does ‘Cost of Equity’ affect the capital structure of an enterprise?</p> <p>Ans. Use of higher debt increases the cost of equity as the financial risk faced by the equity shareholders increases; debt can therefore be used only upto a level.</p> <p style="text-align: center;">or</p> <p>Lesser is the debt in the capital structure, lesser is the cost of equity as financial risk faced by the equity shareholders will decrease.</p>	<p style="text-align: center;">1 mark</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">1 mark</p>
6	1	2	<p>Q. ‘XY Ltd.’ is registered with an authorised capital of Rs. 10 crore. The paid-up capital of the company is Rs. 6 crore. The company was facing shortage of funds. The management of the company decided to raise funds by issue of 1,00,000 equity shares of Rs. 100 each. The issue was fully subscribed. After this it was realised that the funds raised were in excess of the actual requirement. Identify and define the concept which was not considered by the company before deciding the amount of funds to be raised.</p> <p>Ans. Financial Planning</p> <p>The process of <u>estimating the fund requirements</u> of a business and <u>specifying the sources of funds</u> is called financial planning.</p> <p style="text-align: center;">or</p> <p>Financial planning is the preparation of a financial blueprint of an organisation’s future operations.</p> <p style="text-align: center;">(or any other correct definition)</p>	<p style="text-align: center;">½ mark for identifying the concept</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for its definition</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 mark</p>

7	3	1	<p>Q. Vivek purchased a bike from Saranath Automobiles with a written guarantee to repair or replace, if necessary, within six months or 5,000 kms of distance travelled whichever is earlier. After covering the distance of 400 kms in two months, the gears of the bike started giving problems. Vivek took the bike to the dealer who refused to listen to his complaint. He was confused about what he should do.</p> <p>Suggest the rights that Vivek may exercise in the above case.</p> <p>Ans. (a) Right to Safety</p> <p>(b) Right to seek redressal</p>	<p>$\frac{1}{2}$ mark for naming each right = $\frac{1}{2} \times 2$ = 1 mark</p>
8	2	4	<p>Q. ‘Nayan Medicare Equipment Ltd.’ manufactures equipment for surgeons having a unique laser technique. The equipment can be used by the surgeons only after proper training. Even their maintenance requires guidance of specialised engineers. Because of this, the equipment is used in a limited number of hospitals. The company wants to increase the sale of the equipment. Suggest the promotion tool to be used by the company giving reason in support of your answer.</p> <p>Ans. Personal Selling.</p> <p>This is because it is a complex product requiring technical details and is best sold through shorter channels.</p>	<p>$\frac{1}{2}$ mark for naming the tool + $\frac{1}{2}$ mark for the reason = 1 mark</p>
SECTION B				
9	-	-	<p>Q. Explain any three limitations of ‘Planning’ function of management.</p> <p>Ans. Brief explanation of any three of the following limitations of ‘Planning’ function of management:</p> <p>(i) Leads to rigidity</p> <p>(ii) May not work in a dynamic environment</p>	<p>$\frac{1}{2}$ mark for heading + $\frac{1}{2}$ mark for its explanation</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 style="text-align: center;">OR</p> <p>Q. Explain any three points of importance of ‘Planning’.</p> <p>Ans. Brief explanation of any three of the following points of importance of ‘Planning’:</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 explanation, full credit should be given)</p>	<p>1 x 3 = 3 marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for heading + $\frac{1}{2}$ mark for its explanation 1 x 3 = 3 marks</p>	
10	-	-	<p>Q. Explain ‘critical point control’ and ‘management by exception’.</p> <p>Ans. (a) <u>Critical point control</u></p> <p>Critical Point Control’ is a technique of managerial control which focuses on key result areas that are critical to the success of an organisation.</p>	<p>1 ½ marks</p>

		<p>The key result areas are set as critical points since it is neither economical nor easy to keep a check on each and every activity of the organisation.</p> <p>(b) Management by Exception</p> <p>Management by Exception is a technique of managerial control which involves identifying only significant deviations which go beyond the permissible limit and bringing them to the notice of the management.</p> <p>It is based on the belief that an attempt to control everything results in controlling nothing.</p> <p style="text-align: center;">OR</p> <p>Q. Explain ‘setting performance standards’ and ‘measurement of actual performance’ as steps of ‘controlling process’.</p> <p>Ans. (i) <u>Setting performance standards</u></p> <ul style="list-style-type: none"> - It refers to setting the criteria against which actual performance will be measured. - Standards can be set in both qualitative and quantitative terms and should be flexible enough to be modified whenever required. <p>(ii) <u>Measurement of actual performance</u></p> <ul style="list-style-type: none"> - Actual performance should be measured in an objective and reliable manner and in the same units in which standards are set. - Measurement is normally done after the task is completed but wherever possible, it should be done during the performance. 	<p style="text-align: center;">+</p> <p style="text-align: center;">1 ½ marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">3 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 ½ marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">3 marks</p>
11	10	10	<p>Q. Shiv has recently joined an industrial unit manufacturing low cost LED bulbs. He has five workers working under him. He gives them instructions to ensure optimum utilization of resources and achievement of work targets. He provides good on-the-job training to the workers to build an efficient team. He also analyses the work performed by them and gives feedback.</p>

		<p>The work performed by Shiv may be described as an important element of directing. Name the element and state two other functions which may be performed by Shiv in addition to those highlighted above.</p> <p>Ans. Supervision</p> <p><u>Other supervisory functions which may be performed by Shiv in addition to those highlighted above are: (Any two)</u></p> <p>(i) Maintains day-to-day contact and friendly relations with the workers.</p> <p>(ii) Links the workers and the management by conveying management ideas to the workers and workers problems to the management.</p> <p>(iii) Helps in maintaining group unity by sorting out their internal differences.</p> <p>(iv) To oversee the efforts of the workforce.</p> <p>(v) To ensure that the quality of output is maintained and wastage of material is minimized.</p> <p>(vi) To ensure safety standards are maintained.</p>	<p>1 mark</p> <p>+</p> <p>1 x 2 = 2 marks = 1+2 = 3 marks</p>	
12	11	9	<p>Q. 'Financial markets are classified on the basis of the maturity of financial instruments traded in them.' Name the market in which the instruments with more than one year maturity are traded. Also state any two features of this market.</p> <p>Ans. Capital Market</p> <p><u>Any two of the following features of Capital Market:</u></p> <p>(a) It facilitates arrangement of long term and medium term funds</p> <p>(b) In this market, funds are raised through both - debt and equity i.e. equity shares, preference shares, bonds, debentures etc.</p> <p>(c) It includes Primary and Secondary market.</p>	<p>1 mark</p> <p>+</p> <p>1 x 2 = 2 marks =</p>

		<p>(d) The participants in this market are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors.</p> <p>(e) Investment in this market does not necessarily require a huge financial outlay.</p> <p>(f) The securities traded in this market are considered liquid as they are marketable on the stock exchange.</p> <p>(g) The instruments traded in this market are risky because of higher duration of investing.</p> <p>(h) The returns in this market are generally higher as the investment can earn capital gains, dividend as well as bonus issues.</p>	<p>1+2 = 3 marks</p>
13	9	<p>11 Q. Gopal, Mohan and Shyam are three friends having their separate small manufacturing units in an industrial estate. They are hard-working and honest and undertake their respective production activities following the good practices of business. They use good quality raw materials and adopt standardised process. They fix the prices of their products with a reasonable profit margin. But all of them are worried about the malpractices like manufacturing sub-standard, duplicate and defective goods by the fellow manufacturers. Therefore, they decided to form an organisation with a constitution of its own which is free from government interference. This organisation would encourage consumers to strongly protest and take action against unscrupulous, exploitative and unfair trade practices of sellers. State three other functions which may be performed by this organisation in addition to those mentioned above.</p> <p>Ans. Three other functions which may be performed by this organisation in addition to those mentioned above are: (Any three)</p> <p>(i) <u>Educating the general public</u> about consumer rights by organising training programmes, seminars and workshops.</p> <p>(ii) <u>Publishing periodicals</u> and other publications to impart knowledge about consumer problems.</p>	<p>1 x 3</p>

		<p>(iii) <u>Carrying out comparative testing</u> of consumer products in accredited laboratories.</p> <p>(iv) <u>Providing legal assistance</u> to consumers.</p> <p>(v) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers.</p> <p>(vi) <u>Taking an initiative in filing cases</u> in the interest of general public.</p>	<p>= 3 marks</p>
SECTION C			
14	18	<p>17 Q. Define ‘Management’. Explain how management is a multidimensional activity.</p> <p>Ans. <u>Management</u> is the process of getting things done with the aim of achieving goals effectively and efficiently.</p> <p style="text-align: center;">(or any other correct definition)</p> <p><u>Management is a multidimensional activity as it has three main dimensions:</u></p> <p>(a) Management of work</p> <p>(b) Management of people</p> <p>(c) Management of operations</p> <p style="text-align: center;">OR</p> <p>Q. Give the meaning of ‘Business Environment’. Explain any three features of Business Environment.</p> <p>Ans. Business environment refers to sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.</p> <p style="text-align: center;">(or any other correct meaning)</p> <p><u>Characteristics of Business Environment: (Any three)</u></p>	<p>1 mark</p> <p>+</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>(1+3)</p> <p>=</p> <p>4 marks</p> <p>OR</p> <p>1 mark</p> <p>+</p>

		<p>(a) Totality of all external forces affecting a business.</p> <p>(b) Includes both general and specific forces</p> <p>(c) Inter-relatedness</p> <p>(d) Dynamic nature</p> <p>(e) Uncertainty</p> <p>(f) Complexity</p> <p>(g) Relativity</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>½ mark for heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>(1+3)</p> <p>=</p> <p>4 marks</p>	
15	17	16	<p>Q. One of the questions that needs to be answered in the organizing function is ‘At what level are decisions made’? Decision making authority in an organization can be pushed down to the lower levels or it may lie with the top management. However it is not an ‘either or’ concept.</p> <p>When an organization grows in size or complexity, there is tendency towards sharing decision making authority with the lower levels. This is because in large organizations, employees who are closely involved with certain operations tend to have more knowledge about them than the top management.</p> <p>An important concept of organizing function is discussed above. Identify the concept and state any three points of its importance.</p> <p>Ans. Decentralisation</p> <p><u>Importance of decentralisation: (Any three)</u></p> <p>(i) It gives relief to the top management as, when the subordinates are given the freedom to act, the top management gets more time to devote on important policy decisions rather than handling operational decisions.</p> <p>(ii) It develops initiative amongst subordinates by promoting self reliance and confidence among them. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.</p> <p>(iii) It develops managerial talent for the future by giving the subordinates a chance to prove themselves, thus, creating reservoir of qualified manpower to fill up challenging</p>	<p>1 mark</p> <p>+</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+3</p> <p>=</p> <p>4 marks</p>

		<p>positions in future.</p> <p>(iv) It <u>facilitates growth</u> by fostering competition amongst the departments leading to increase in productivity, thereby generating to higher profits which can be used for growth and expansion.</p> <p>(v) It helps in <u>quick decision making</u> as there is no requirement for approval from many levels. There are also less chances of information getting distorted as it doesn't have to go through many levels.</p> <p>(vi) It leads to <u>better control</u> by evaluating performance at each level of management. The departments can be held accountable for their results.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
16	-	<p>Q. State any four points of importance of staffing function of management.</p> <p>Ans. Importance of staffing: (Any four)</p> <p>(i) It helps in <u>discovering and obtaining competent personnel</u> for various jobs.</p> <p>(ii) It makes for <u>higher performance</u> by putting the right person on the right job.</p> <p>(iii) It ensures <u>continuous survival and growth</u> of the enterprise through succession planning for managers.</p> <p>(iv) It helps to ensure <u>optimum utilisation of human resources</u> by avoiding overmanning.</p> <p>(v) It <u>improves job satisfaction and morale</u> of employees</p> <p style="text-align: center;">OR</p> <p>Q. State any four benefits of training to employees.</p> <p>Ans. Benefits of training to employees are:</p> <p>(i) It helps in <u>career growth</u> due to improved skills and</p>	<p style="text-align: center;">1 x 4 = 4 marks</p> <p style="text-align: center;">OR</p>

		<p>knowledge.</p> <p>(ii) It helps them to <u>earn more</u> due to improved performance.</p> <p>(iii) It <u>reduces accidents</u> as the employees are more efficient to handle machines.</p> <p>(iv) It <u>increases the morale</u> of the employees as the employees are more satisfied.</p> <p style="text-align: center;">(or any other correct benefit)</p>	<p>1 x 4 = 4 marks</p>
17	14	15	<p>Q. Ganesh was concerned about the sedentary lifestyle people are leading nowadays. Their dependency on outside food is also increasing because corporate work culture demands working till late night at offices. So, he decided to start a restaurant, ‘Healthy Eating Point’ to provide healthy food options to customers. After completing planning and organising functions, he identified the various job positions that are required to be filled i.e. a General Manager, an Accountant, two Chefs, two boys for serving the food in the restaurant and three boys for home delivery of food. He decided that his father, Karan, would be the General Manager of the restaurant. He would be paid ₹50,000 per month for his services. His father requested him to appoint his friend’s son, Prem as an accountant who is well qualified for this post. Ganesh agreed to this proposal. Earlier, Prem had a business of providing unskilled workers to different organisations from remote areas of the country. Prem took permission from Ganesh to continue with the old business. Ganesh happily agreed and asked him to provide five boys for serving and delivering the food. For the appointment of the two Chefs, Ganesh approached a renowned Hotel Management Institute and was satisfied with the Chefs provided by the institute.</p> <p>(a) Quoting the lines from the above paragraph, explain the two sources of recruitment being used by Ganesh for filling up the various job positions.</p> <p>(b) Also, give the meaning of the function of management discussed in the above case.</p> <p>Ans. (a) Sources of recruitment being used by Ganesh for filling up the various job positions are: (Any two)</p> <p>(i) Recommendation of employees</p>

		<p><i>'His father requested him to appoint his friend's son, Prem as an accountant who is well qualified for this post'</i></p> <p>In this source of recruitment, applicants are introduced by present employees or their friends and relatives. Such employees are likely to be good employees as their background is sufficiently known.</p> <p>(ii) Labour Contractors</p> <p><i>'Earlier, Prem had a business of providing unskilled workers to different organisations from remote areas of the country'</i></p> <p>It is a source of recruitment in which the labour contractor maintains a close contact with the labourers and can provide the required number of unskilled workers at short notice.</p> <p>(iii) Campus Recruitment</p> <p><i>'For the appointment of the two Chefs, Ganesh approached a renowned Hotel Management Institute and was satisfied with the Chefs provided by the institute'</i></p> <p>It is a source of recruitment in which organisations maintain a close liaison with educational institutions like universities, vocational schools and management institutes to recruit qualified personnel for technical, professional and managerial jobs.</p> <p>(b) The function of management discussed above is <u>Staffing which means filling and keeping filled the positions in the organisation structure.</u></p> <p>(or any other correct meaning)</p>	<p>½ mark for identifying the source</p> <p>+</p> <p>½ mark for quoting the line</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>1 ½ x 2</p> <p>=</p> <p>3 marks</p> <p>+</p> <p>1 mark</p> <p>=</p> <p>3+1</p> <p>=</p> <p>4 marks</p>
18	16	14	<p>Q. Nayar is working as P.G.T. Commerce in a CBSE affiliated school of Kerala. One day he was teaching about capital market in the class. He informed the class that during 1980's the capital market in India witnessed a tremendous growth because of increasing participation of the public. This ever increasing investors' population and market capitalisation led to a variety of malpractices</p>

		<p>on the part of the companies, brokers, merchant bankers, investment consultants and others involved in the securities market. These malpractices and unfair trading practices eroded investor confidence and multiplied investors' grievances. The Government of India and the stock exchanges were helpless in redressing the investors' problems because of lack of proper penalty provisions in the existing legislation. In view of this the Government of India decided to set up a regulatory body.</p> <p>(a) Name the regulatory body which the Government of India decided to set up.</p> <p>(b) Also state any three objectives of the regulatory body identified in part (a) above.</p> <p>Ans. (a) Regulatory body - SEBI (Securities and Exchange Board of India)</p> <p>(b) Objectives of SEBI are: (Any three)</p> <p>(i) To <u>regulate stock exchanges</u> and the securities industry to <u>promote their orderly functioning</u>.</p> <p>(ii) To <u>protect the rights and interests of investors</u>, particularly individual investors and to guide and educate them.</p> <p>(iii) To <u>prevent trading malpractices</u> and achieve a balance between self regulation and statutory regulation.</p> <p>(iv) To <u>regulate and develop a code of conduct</u> and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark</p> <p>1 x 3 = 3 marks</p> <p>= 1+3 = 4 marks</p>	
19	15	18	<p>Q. Jay is working as the Chief Executive Officer of a soft drinks company. The company is doing its business in collaboration with a soft drinks company of France. Jay's friend, Swami a teacher of Business Studies in a reputed college was discussing the 'Marketing' chapter with his students. He wanted clarity from Jay about the</p>	

		<p>factors which affect the marketing decisions. Jay explained that there were a large number of factors affecting marketing decisions which may be divided into two categories:</p> <p>(i) controllable factors, and (ii) non-controllable factors. Jay further explained that controllable factors became marketing tools that can be constantly shaped and reshaped by marketing managers, to achieve marketing success.</p> <p>Identify and explain the set of marketing tools that can be constantly shaped and reshaped by marketing managers.</p> <p>Ans. Set of marketing tools that can be constantly shaped and reshaped by marketing managers are:</p> <p>(i) <u>Product</u></p> <p>Product is a mixture of tangible and intangible attributes which are capable of being exchange for a value with ability to satisfy customer needs.</p> <p>(ii) <u>Price</u></p> <p>Price may be defined as the amount of money paid by the buyer (or received by the seller) in consideration for the purchase of a product or a service.</p> <p>(iii) <u>Place or Physical Distribution</u></p> <p>Place or Physical Distribution is concerned with making the goods and services available at the right place, in right quantity and at the right time so that the consumers can purchase the same.</p> <p>(iv) <u>Promotion</u></p> <p>Promotion refers to the use of communication with the objective of informing potential customers about the product and persuading them to buy the same.</p>	<p>½ mark for naming each tool</p> <p>+</p> <p>½ mark for each explanation</p> <p>=</p> <p>1x 4</p> <p>=</p> <p>4 marks</p>
SECTION D			

20	21	<p>20 Q. ‘Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way.’ Taylor developed various techniques for application of Scientific Management principles and was able to achieve a three-fold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and labour costs. Another technique recognises those workers who are able to accomplish/exceed the fair day’s work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers. Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.</p> <p>Ans. <u>Time Study</u></p> <p><i>‘One of the techniques helps to determine labour costs’</i></p> <ul style="list-style-type: none"> ▪ It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. ▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. <p><u>Differential Piece Wage System</u></p> <p><i>‘Another technique recognises those workers who are able to accomplish/exceed the fair day’s work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers’</i></p> <ul style="list-style-type: none"> ▪ Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency. 	<p>(½ mark + ½ mark + 1 ½ marks = 2 ½ marks) + (½ mark + ½ mark + 1 ½ marks</p>
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			<ul style="list-style-type: none"> ▪ In this plan, there are two piece rates – a higher piece rate for those workers who produce the standard output or more, and a lower one for those who produce less than the standard output. 	<p style="text-align: center;">=</p> <p style="text-align: center;">2 ½ marks)</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 ½ + 2 ½</p> <p style="text-align: center;">=</p> <p style="text-align: center;">5 marks</p>
21	20	21	<p>Q. Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crores in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company’s commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.</p> <p>Identify and explain the two types of plans discussed above.</p> <p>Ans. The two types of plans discussed above are: (a) Objectives (b) Strategy</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> ▪ Objectives are the <u>ends</u>, which the management seeks to achieve. ▪ Objectives needs to be <u>expressed in specific terms</u> that is quantified and is to be achieved within a given time period. ▪ They are usually <u>set by top management</u> of the organisation and focus on <u>broad, general issues</u>. <p><u>Strategy</u></p> <ul style="list-style-type: none"> ▪ A strategy is a <u>comprehensive plan</u> for accomplishing an 	<p style="text-align: center;">1 mark for identifying each type of plan (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 ½ marks</p>

		<p>organisation's objectives taking business environment into consideration.</p> <ul style="list-style-type: none"> ▪ It provides the broad contours of an organisations business and defines the <u>organisation's direction and scope in the long run.</u> ▪ It includes determining long term objectives, adopting a particular course of action, and allocating resources necessary to achieve the objectives. 	<p>1 ½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>2+3</p> <p>=</p> <p>5 marks</p>
22	-	<p>Q. Explain any five points of importance of 'directing' function of management.</p> <p><u>Ans. Importance of directing:</u></p> <p>(a) Initiates action.</p> <p>(b) Integrates employees' efforts.</p> <p>(c) Guides employees to realize their potential.</p> <p>(d) Facilitates changes.</p> <p>(e) Brings stability and balance in the organisation.</p> <p style="text-align: center;">(or any other correct point of importance)</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;">OR</p> <p>Q. Explain any five non-financial incentives.</p> <p><u>Ans. Non- financial incentives are: (Any five)</u></p> <p>(a) Status</p> <p>(b) Positive organisational climate.</p>	<p>½ mark for each heading</p> <p>+</p> <p>½ mark for explanation</p> <p>=</p> <p>1x 5</p> <p>=</p> <p>5 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming each</p>

		<p>(c) Career advancement opportunity.</p> <p>(d) Job enrichment.</p> <p>(e) Employee recognition</p> <p>(f) Job security.</p> <p>(g) Employee participation.</p> <p>(h) Employee empowerment.</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>incentive + ½ mark for explanation = 1 x 5 = 5 marks</p>
SECTION E			
23	-	<p>Q. Explain any four characteristics of coordination.</p> <p><u>Ans. Characteristics of co-ordination are: (Any four)</u></p> <p>(i) Integrates group efforts</p> <p>(ii) Ensures unity of action</p> <p>(iii) Continuous process</p> <p>(iv) Pervasive function</p> <p>(v) Responsibility of all managers</p> <p>(vi) Deliberate function</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;">OR</p> <p>Q. Explain any four points highlighting the nature of principles of management.</p> <p><u>Ans. Nature of principles of management: (Any four)</u></p> <p>(i) Universal applicability.</p> <p>(ii) General guidelines.</p>	<p>½ mark for each heading + 1 mark for explanation = 1 ½ x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for each heading +</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>1 mark for explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>	
24	24	23	<p>Q. Chintamani is the Production Manager of ‘Global India Ltd.’ manufacturing and exporting steel. During the year 2017-18, the company could not meet its production targets. The Chief Executive Officer of the company constituted a committee of experts to find out the reasons and give its recommendation so that the production target could be met in the future. The company analysed the production related records and found out that there were problems due to communication. ‘Global India Ltd.’ had rigid rules and would insist on communication through prescribed channels, which led to delays, the company also had a number of managerial levels causing further delay and distorted communication.</p> <p>Moreover, the Production Manager, Chintamani, was using a tone that quite often offended the sentiments of the workers. Also, Chintamani and the workers did not believe in each other and so could not understand each other’s messages in the original sense.</p> <p>(a) Identify and give the meaning of the types of communication barriers discussed above.</p> <p>(b) Quoting lines from the above, state two communication barriers under each of the types identified in part (a) because of which ‘Global India Ltd.’ could not meet its production targets.</p> <p>(c) State any two recommendations that might have been given by the committee to improve communication effectiveness.</p> <p>Ans. (a) <u>Types of communication barriers discussed above are:</u></p>	<p>(½ mark for</p>

	<p>(i) Organisational barrier</p> <p>(ii) Psychological barrier</p> <p><u>Organisational barriers</u> are barriers related to organisational structure, authority relationships, rules and regulations.</p> <p><u>Psychological barriers</u> are concerned with the state of mind of both the sender and the receiver</p> <p>(b) <u>Organisational barriers:</u></p> <p>(i) Rigid <u>Rules and regulations</u> may delay communication.</p> <p><i>‘Global India Ltd.’ had rigid rules and would insist on communication through prescribed channels, which led to delays’</i></p> <p>(ii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p><i>‘The company also had a number of managerial levels causing further delay and distorted communication’</i></p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p><u>Psychological barriers:</u></p> <p>(i) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p><i>‘The company also had a number of managerial levels causing further delay and distorted communication’</i></p> <p>(ii) <u>Distrust</u> between the sender and the receiver acts as a barrier.</p>	<p>identifying each barrier $\frac{1}{2} \times 2$ = 1 mark)</p> <p>+</p> <p>(½ mark for explaining each barrier = $\frac{1}{2} \times 2$ = 1 mark)</p> <p>+</p> <p>(½ x 2 = 1 mark)</p> <p>+</p> <p>(½ x 2 =1 mark)</p>
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25	23	24	<p>Q. 'Monisha Consumer Goods' is a leading consumer goods chain with a network of 46 stores primarily across Mumbai, Delhi and Pune. It was started by Monisha Gupta in 1987. It has a large market share in Mumbai, Delhi and Pune. Looking for an opportunity to expand, it has decided to open a new branch in Kerala. It has to decide on what new resources it will invest in so that it is able to earn the highest possible return for its investors. Once the company believes that it will be able to generate higher revenues and profits, it also has to decide on how this project will get funded. The finance manager, Atul was told to have an optimal capital structure by striking a balance between various sources of getting the project funded so as to increase shareholders' wealth. Atul, after assessing the cash flow position of the company, evaluated the cost of different sources of finance and</p>	

	<p>compared the risk associated with each source as well as the cost of raising funds.</p> <p>(a) State the two financial decisions discussed in the above situation.</p> <p>(b) Explain any two factors affecting each of the decisions that still have to be considered by the finance manager.</p> <p>Ans. (a)</p> <p>(i) <u>Investment decision/ Capital budgeting decision/ Long term Investment decision</u></p> <p>It involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for the investors.</p> <p>(ii) <u>Financing decision</u></p> <p>It refers to the decision about the quantum of finance to be raised from various long term sources.</p> <p><u>Factors affecting Investment decision: (any two)</u></p> <p>(i) Cash flows of the project</p> <p>(ii) The rate of return of the project</p> <p>(iii) The investment criteria involved</p> <p>(iv) Financing alternatives</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><u>Factors determining financing decision: (any two)</u></p> <p>(i) Interest coverage ratio</p> <p>(ii) Debt service coverage Ratio</p> <p>(iii) Return on Investment</p> <p>(iv) Tax rate</p> <p>(v) Fixed operating costs</p> <p>(vi) Flexibility</p> <p>(vii) Control</p> <p>(viii) Regulatory framework</p>	<p>(½ mark for identifying the decision + ½ mark for stating = 1 x 2 = 2 marks)</p> <p>+ (½ mark for each heading + ½ mark for explanation = 1 x 2 = 2 marks)</p> <p>+ (½ mark for each heading + ½ mark for explanation = 1 x 2 = 2 marks)</p> <p>= 2+2+2</p>
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