

Senior School Certificate Examination
March -----2014-15
Marking Scheme---Business Studies (Outside Delhi) 66/1, 66/2, 66/3.

General Instructions:

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

Strictly Confidential: (For Internal and Restricted Use Only)

66/1	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES OUTSIDE DELHI-66/1-2-3 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRI- BUTION OF MARKS</p>
1	<p>Q. What is meant by ‘Business Environment’?</p> <p>Ans. Business environment means the 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;">1 mark</p>
2	<p>Q. Explain, how management helps in the development of society.</p> <p>Ans. Management helps in the development of society by: (Any two)</p> <ul style="list-style-type: none"> ▪ providing <u>good quality products and services</u>, ▪ creating <u>employment</u> ▪ adopting <u>new technology and</u> ▪ <u>leading the path towards growth and development.</u> 	<p style="text-align: center;">$\frac{1}{2} \times 2$ = 1 mark</p>
3	<p>Q. Give the meaning of ‘Objectives’ as a type of plan.</p> <p>Ans. Objectives are the ends which the management seeks to achieve within a given time period. (or any other correct meaning)</p>	<p style="text-align: center;">1 mark</p>
4	<p>Q. ‘Himalaya Ltd.’, is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type of organization structure. Identify the type of organization structure described above.</p> <p>Ans. Functional Structure.</p>	<p style="text-align: center;">1 mark</p>
5	<p>Q. How does ‘cost of equity’ affect the choice of capital structure of a company? Explain.</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;">1 mark</p>
6	<p>Q. ‘Bharat Express’ specializes in Courier Services. Its ‘wide range of express package and parcel services’ help business firms to make sure that the goods are made available to the customers at the right place and at the right time. State with reason, whether the working capital requirements of ‘Bharat Express’ will be high or low.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for reason = $\frac{1}{2} + \frac{1}{2}$</p>

	<p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p>= 1 mark</p>
7	<p>Q. ‘Maruti Vega Ltd.’ entered into the market with coloured television and have now introduced products like audio systems, air-conditioners, washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.</p> <p>Identify the element of marketing-mix discussed here.</p> <p>Ans. Product/ Product mix.</p>	<p>1 mark</p>
8	<p>Q. Himanshu purchased a new car from ‘Galaxy Motors’ for Rs. 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.</p> <p>Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Himanshu cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	<p>$\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
9	<p>Q. What is meant by ‘Formal Organisation’? State its any two advantages.</p> <p>Ans. <u>Formal organisation</u> refers to the organisation structure which is designed by the management to accomplish its objectives.</p> <p><u>Advantages: (Any two)</u></p> <p>(a) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined.</p> <p>(b) It <u>avoids duplication of effort</u> since there is no ambiguity in the role that each member has to play.</p> <p>(c) It <u>maintains unity of command</u> through an established chain of command.</p> <p>(d) It leads to <u>accomplishment of goals</u> by providing a framework for the operations to be performed.</p> <p>(e) It <u>provides stability</u> to the organisation because there are specific rules to guide behaviour of employees.</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>= 1 x 2 = 2 marks = 1+2 = 3 marks</p>

	(If an examinee has given only the headings, ½ mark for each heading should be awarded)	
10	<p>Q. How do the ‘Company-related factors’ affect the choice of channels of distribution? Explain.</p> <p>Ans. Company related factors include:</p> <p>(i) <u>Financial strength of the company</u>: If the financial strength of the company is good, it would prefer shorter channels.</p> <p>(ii) <u>Degree of control over channel members</u>: If company’s management wants greater control over channel members, shorter channels may be used.</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>½ mark for the heading + 1 mark for each explanation = 1 ½ x 2 = 3 marks</p>
11	<p>Q. ‘A.S. Ltd.’ is a large company engaged in assembly of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p>(a) Identify the function of management discussed above. (b) State those steps in the process of the function identified which are discussed in the above paragraph.</p> <p>Ans. (a) Controlling.</p> <p>(b) Steps discussed in the above paragraph are:</p> <p>(i) <u>Setting performance standards</u></p> <p>‘Recently the company had conducted the ‘Time’can assemble ten air-conditioners in a day’.</p> <p style="text-align: center;">OR</p> <p>‘The target volume of the company in a day is assembling of 1,000 units of air-conditioners’.</p> <p><u>Setting performance standards</u> which are the criteria against which the actual performance would be measured.</p> <p>(ii) <u>Measurement of actual performance</u></p>	<p>1 mark for identification + ½ mark for stating each step = ½ x 4 = 2 marks = 1+2 = 3 marks</p>

	<p>‘Even then the assembly of air-conditioners per day is 800 units only’.</p> <p><u>Measurement of actual performance</u> with the standards in an objective and reliable manner.</p> <p>(iii) <u>Comparing actual performance with the standards</u></p> <p>‘... the company compared actual performance of each worker’</p> <p><u>Comparing actual performance with the standards</u> to find out the deviation, if any.</p> <p>(iv) <u>Analysing deviations</u></p> <p>observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p><u>Analysing deviations</u> for their causes.</p> <p>(If an examinee has given the steps of the process not discussed above, ½ mark may be deducted)</p> <p>(FULL CREDIT BE GIVEN FOR QUOTING THE LINE OR GIVING THE STATEMENT)</p>	
12	<p>Q. ‘The Stock Exchange performs many vital functions in today’s commercial world.’ Explain any three such functions.</p> <p>Ans. Vital functions performed by the Stock Exchange in today’s commercial world are: (Any three)</p> <p>(i) Provides liquidity and marketability to existing securities.</p> <p>(ii) Helps in determining the price of securities.</p> <p>(iii) Ensures safety of transactions.</p> <p>(iv) Contributes to economic growth.</p> <p>(v) Helps in spreading equity cult.</p> <p>(vi) Provides scope for speculation.</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>½ mark for the heading + ½ mark for the explanation = 1 x 3 = 3 marks</p>
13	<p>Q. Jaideep recently joined as the Managing Director of ‘Tivori Ltd.’, an apparel designing company. He observed that the company had a number of experienced fashion designers on its payroll. They</p>	<p>1 mark for identifying the barrier</p>

	<p>regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this the employees felt disheartened and stopped giving useful suggestions.</p> <p>(a) Identify the communication barrier discussed above. (b) State the category of this communication barrier. (c) Explain any other communication barrier of the same category.</p> <p>Ans. (a) Organisational policy (b) Organisational barrier which arises from organisational structure, authority relationships, rules and regulations etc.</p> <p>(c) Other communication barriers of the same category are: (Any one) (i) Rules and regulations (ii) Status (iii) Complexity in organisational structure. (iv) Organisational facilities. (If an examinee has not given the headings, no marks should be deducted)</p>	<p>+ ½ mark for naming the category of barrier + ½ mark for stating the category of the barrier + (½ mark for naming another barrier + ½ mark for its explanation) = 1+1+1 = 3marks</p>
<p>14</p>	<p>Q. What is meant by ‘Management’? State any three objectives of management.</p> <p>Ans. Management 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 meaning)</p> <p><u>Objectives of management:</u></p> <p>(i) <u>Organisational objectives</u> which include survival, profit and growth. (ii) <u>Social objectives</u> which involve creation of benefit for the society. (iii) <u>Personal objectives</u> which aim to satisfy the needs of the employees working in the organisation.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for the meaning + 1 mark for each statement = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
<p>15</p>	<p>Q. Explain any four points of importance of ‘consumer protection’ from the point of view of business.</p> <p>Ans. <u>Importance of ‘consumer protection’ from the point of view of business: (Any four)</u></p> <p>(i) Long-term interests of business. (ii) Business uses society’s resources. (iii) Social Responsibility.</p>	<p>½ mark for the heading + ½ mark for each explanation</p>

	<p>(iv) Moral Justification. (v) Government Intervention.</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 x 4 = 4 marks</p>
16	<p>Q. Neeraj Gupta started a company ‘YoYo Ltd.’ with ten employees, to assemble economical computers for the Indian rural market. The company did very well, in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.</p> <p>(a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) Importance of decentralisation: (Any three)</p> <p>(i) Develops initiative among subordinates. (ii) Develops managerial talent for the future. (iii) Quick decision making. (iv) Relief to top management. (v) Facilitates growth. (vi) Better control.</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>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+</p> <p>½ mark for its explanation)</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>
17	<p>Q. The workers of ‘Gargya Ltd.’ are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.</p> <p>Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.</p> <p>Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. Training of employees/ Vestibule training/ On the job training.</p> <p>Benefits the workers will derive by the decision of the supervisor: (Any</p>	<p>1 mark</p> <p>+</p>

	<p>three) (a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge. (b) It helps them to <u>earn more</u> due to improved performance. (c) It <u>reduces accidents</u> as the employees are more efficient to handle machines. (d) It <u>increases the morale</u> of the employees as the employees are more satisfied.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for each statement = 1 x 3 = 3 marks = 1+3 = 4 marks</p>
<p>18</p>	<p>Q. Beni, after completing her MBA, took up a job with a multinational company named ‘Fortio’. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organization, but due to long working hours she did not have time to cook her meals. She had to depend on outside food, which was deteriorating her health.</p> <p>She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.</p> <p>(a) State the dimension of business environment being discussed above.</p> <p>(b) State the principle of management being followed by ‘Fortio’.</p> <p>(c) Identify any two values being communicated by the company to the society in the above case.</p> <p>Ans. (a) <u>Social environment</u> which includes social forces like customs and traditions, values, social trends etc.</p> <p><i>‘This was because of increase in the number of working women and non-availability of hygienic home-cooked food’.</i></p> <p>(b) <u>Remuneration of employees</u> states that the overall pay and compensation should be fair to both employees and the organisation.</p> <p><i>‘The company was paying good salary and perks to its employees. The wages were within the paying capacity ... standard of living’.</i></p> <p>(c) Values being communicated by the company to the society are: (Any</p>	<p>½ mark for identifying the dimension + ½ mark for either quoting the line OR stating the dimension + ½ mark for identifying the principle + ½ mark for either quoting the line OR stating the principle + 1 mark for each value = (1 x 2) =</p>

	<p>two)</p> <p>(i) Good work culture. (ii) Good behaviour in human interaction. (iii) Concern for the employees. (iv) Respect for law.</p> <p style="text-align: center;">(or any other correct value)</p>	<p>2 marks = 1+1+2 = 4 marks</p>
<p>19</p>	<p>Q. ‘Mission Coach Ltd.’ is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.</p> <p>(a) Name and explain the money-market instrument the company can use for the above purpose.</p> <p>(b) What is the duration for which the company can get funds through this instrument?</p> <p>(c) State any other purpose for which this instrument can be used.</p> <p>Ans. (a) Commercial paper. It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p>1 mark for naming the instrument + 1 mark for its explanation + 1 mark for duration + 1 mark for any other purpose = 1+1+1+1 = 4 marks</p>
<p>20</p>	<p>Q. Give the meaning of ‘organising’. State the steps in the process of organising.</p> <p>Ans. Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.</p> <p style="text-align: center;">OR</p> <p>Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of accomplishing objectives.</p> <p><u>Steps in the process of organising:</u></p> <p>(i) <u>Identifying and dividing the work</u> into manageable activities so that duplication can be avoided. (ii) <u>Departmentalisation/ departmentation</u> when activities of a similar nature are grouped together. (iii) <u>Assignment of duties to job positions.</u> (iv) <u>Establishing reporting relationships</u> so that each individual knows who he has to take orders from and to whom he is accountable.</p>	<p>1 mark for the meaning + 1 mark for each statement = 1 x 4 4 marks = 1+4 = 5 marks</p>

	(If an examinee has given only the headings, ½ mark for each heading should be awarded)	
21	<p>Q. Anjali had been working with ‘Tata Enterprises’ for the last ten years. She was famous for her dedication towards the work. When the Manager senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone’s surprise the vacant post was filled by an outsider ‘Miss Monika’. Anjali felt demoralized and her performance started declining. She would absent herself often and could not meet her targets.</p> <p>Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She noticed Anjali’s behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organization and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.</p> <p>(a) Identify the function of management being performed by Monika. (b) Name the element of the above function of management which helped Monika to improve Anjali’s behaviour. (c) State any three features of the element identified in (b) above.</p> <p>Ans. (a) Directing.</p> <p>(b) Motivation.</p> <p>(c) <u>Features of motivation:</u> (Any three) (a) It is an internal feeling. (b) It produces goal directed behaviour. (c) It can be positive or negative. (d) It is a complex process.</p> <p>(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)</p>	<p>1 mark for identifying the function + 1 mark for identifying the element = + 1 mark for each feature = (1 x 3) = 3 marks = 1+1+3 = 5 marks</p>
22	<p>Q. Mohit Gupta is working with ‘Yellow Security Services Ltd.’ He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.</p> <p>(a) Name the source of recruitment used by ‘Yellow Security Services Ltd.’ (b) State any one disadvantage of this source of recruitment. (c) Identify the need of ‘Security Guards’ which is being fulfilled by the company as per Maslow’s need hierarchy. (d) Identify any two values communicated to the society in the above stated case.</p>	<p>1 mark for naming</p>

	<p>Ans. (a) <u>External source of recruitment/ Labour Contractor.</u></p> <p>(b) <u>Disadvantages of external source of recruitment: (Any one)</u> (i) It may lead to <u>dissatisfaction among existing employees</u> as they may feel that their chances of promotion are reduced. (ii) It is a <u>lengthy process</u> as the vacancies have to be notified and applications received before selection. (iii) It is a <u>costly process</u> as a lot of money is spent on advertisement and processing of applications.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p>(c) Basic physiological needs.</p> <p>(d) <u>Values communicated to the society are: (Any two)</u> (i) Creating employment opportunities. (ii) Ethical behaviour. (iii) Respect for time.</p> <p style="text-align: center;">(or any other correct value)</p>	<p>the source of recruitment + 1 mark for stating one disadvantage + 1 mark for identifying the need + 1 mark for identifying each value = 1 x 2 = 2 marks = 1+1+1+2 = 5 marks</p>
23	<p>Q. Explain the following principles of management: (a) Science, not rule-of-thumb. (b) Discipline.</p> <p>Ans. (a) <u>Science not rule of thumb</u></p> <ul style="list-style-type: none"> ▪ It states that there was only one best method to maximise efficiency. ▪ This method can be developed through scientific study and analysis of each element of a job and should substitute ‘Rule of Thumb’. ▪ This standard method then should be followed throughout the organisation. <p>(b) <u>Discipline</u></p> <ul style="list-style-type: none"> ▪ It is the obedience to organizational rules and employment agreement which are necessary for the working of the organization. ▪ It requires good superiors at all levels, clear and fair agreement and judicious application of penalties. ▪ Workers and management both should honour their commitments towards one another without prejudice. 	<p>1 x 3 = 3 marks + 1 x 3 = 3 marks = 3+3 = 6 marks</p>
24	<p>Q. ‘Abhishek Ltd.’ is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many</p>	

	<p>shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs. 50 lakhs from I.C.I.C.I. Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement. The above discussion about the company leads to various factors which decide how much profits should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p><i>‘It has been consistently earning good profits for many years’.</i></p> <p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><i>‘There is availability of enough cash in the company’.</i></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><i>‘Good prospects for growth in the future’.</i></p> <p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders’ preference</u></p> <p><i>‘It has many shareholders who prefer to receive regular income from their investments’.</i></p> <p>Shareholder’s preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><i>‘It has taken a loan of Rs.50 Lakhs from I.C.I.C.I. andagreement’</i></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p>½ mark for identifying the factor</p> <p>+</p> <p>½ mark for quoting the line</p> <p>+</p> <p>½ mark for explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>
25	<p>Q. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the</p>	

government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation. Explain the three functions of marketing, with reference to the above paragraph.

Ans. Functions of marketing, with reference to the above paragraph are:

(i) Gathering and analysing market information.

'...use internet to gather customers' views and opinions.'

(ii) Standardisation and Grading/ Grading.

'...no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output.'

OR

'...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.

(iii) Branding.

'To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice'.'

OR

She felt that these names would help her in product differentiation.

(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)

1 mark for naming the function
+
½ mark for quoting the line
+
½ mark for its explanation
=
2 x 3
=
6 marks

66/2	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES OUTSIDE DELHI-66/1-2-3 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRI- BUTION OF MARKS</p>
1	<p>Q. ‘Bharat Express’ specializes in Courier Services. Its ‘wide range of express package and parcel services’ help business firms to make sure that the goods are made available to the customers at the right place and at the right time. State with reason, whether the working capital requirements of ‘Bharat Express’ will be high or low.</p> <p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for reason = $\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
2	<p>Q. ‘Maruti Vega Ltd.’ entered into the market with coloured television and have now introduced products like audio systems, air-conditioners, washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.</p> <p>Identify the element of marketing-mix discussed here.</p> <p>Ans. Product/ Product mix.</p>	<p style="text-align: center;">1 mark</p>
3	<p>Q. Himanshu purchased a new car from ‘Galaxy Motors’ for Rs. 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it. Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Himanshu cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	<p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$ = 1 mark</p>
4	<p>Q. Explain, how management helps in the development of society.</p> <p>Ans. Management helps in the development of society by: (Any two)</p> <ul style="list-style-type: none"> ▪ providing good quality products and services, ▪ creating <u>employment</u> 	<p style="text-align: center;">$\frac{1}{2} \times 2$ =</p>

	<ul style="list-style-type: none"> ▪ adopting <u>new technology</u> and ▪ <u>leading the path towards growth and development.</u> 	1 mark
5	<p>Q. ‘Himalaya Ltd.’, is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type of organization structure. Identify the type of organization structure described above.</p> <p>Ans. Functional Structure.</p>	1 mark
6	<p>Q. How does ‘cost of equity’ affect the choice of capital structure of a company? Explain.</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>	1 mark
7	<p>Q. What is meant by ‘liberalisation’?</p> <p>Ans. Liberalisation means removal of unnecessary controls and restrictions on business.</p>	1 mark
8	<p>Q. Give the meaning of ‘Policy’ as a type of plan.</p> <p>Ans. Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives</p>	1 mark
9	<p>Q. What is meant by ‘Informal Organisation’? State its any two advantages.</p> <p>Ans. <u>Informal organisation</u> is a network of personal and social relations within the formal organisation arising spontaneously as people associate with one another.</p> <p><u>Advantages of informal organisation: (Any two)</u></p> <p>(i) It leads to <u>faster spread of information</u> as well as a quick feedback. (ii) It fulfills the <u>social needs</u> of the members. (iii) It contributes towards fulfillment of organisational objectives by <u>compensating for inadequacies in the formal organisation.</u></p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+2</p> <p>=</p> <p>3 marks</p>
10	<p>Q. ‘The Stock Exchange performs many vital functions in today’s commercial world.’ Explain any three such functions.</p>	½ mark for the heading

	<p>Ans. Vital functions performed by the Stock Exchange in today's commercial world are: (Any three)</p> <p>(i) Provides liquidity and marketability to existing securities.</p> <p>(ii) Helps in determining the price of securities.</p> <p>(iii) Ensures safety of transactions.</p> <p>(iv) Contributes to economic growth.</p> <p>(v) Helps in spreading equity cult.</p> <p>(vi) Provides scope for speculation.</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>+ $\frac{1}{2}$ mark for the explanation = 1×3 = 3 marks</p>
<p>11</p>	<p>Q. Jaideep recently joined as the Managing Director of 'Tivori Ltd.', an apparel designing company. He observed that the company had a number of experienced fashion designers on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this the employees felt disheartened and stopped giving useful suggestions.</p> <p>(a) Identify the communication barrier discussed above. (b) State the category of this communication barrier. (c) Explain any other communication barrier of the same category.</p> <p>Ans. (a) Organisational policy (b) Organisational barrier which arises from organisational structure, authority relationships, rules and regulations etc.</p> <p>(c) Other communication barriers of the same category are: (Any one)</p> <p>(i) Rules and regulations (ii) Status (iii) Complexity in organisational structure. (iv) Organisational facilities.</p> <p>(If an examinee has not given the headings, no marks should be deducted)</p>	<p>1 mark for identifying the barrier + $\frac{1}{2}$ mark for naming the category of barrier + $\frac{1}{2}$ mark for stating the category of the barrier + ($\frac{1}{2}$ mark for naming another barrier + $\frac{1}{2}$ mark for its explanation) = $1+1+1$ = 3marks</p>
<p>12</p>	<p>Q. How do the 'Company-related factors' affect the choice of channels of distribution? Explain.</p> <p>Ans. Company related factors include:</p> <p>(i) <u>Financial strength of the company:</u> If the financial strength of the company is good, it would prefer shorter</p>	<p>$\frac{1}{2}$ mark for the heading + 1 mark for each explanation =</p>

	<p>channels.</p> <p>(ii) <u>Degree of control over channel members:</u> If company's management wants greater control over channel members, shorter channels may be used.</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 ½ x 2 = 3 marks</p>
<p>13</p>	<p>Q. 'A.S. Ltd.' is a large company engaged in assembly of air-conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p>(a) Identify the function of management discussed above. (b) State those steps in the process of the function identified which are discussed in the above paragraph.</p> <p>Ans. (a) Controlling.</p> <p>(b) Steps discussed in the above paragraph are:</p> <p>(i) <u>Setting performance standards</u></p> <p>'Recently the company had conducted the 'Time'can assemble ten air-conditioners in a day'.</p> <p style="text-align: center;">OR</p> <p>'The target volume of the company in a day is assembling of 1,000 units of air-conditioners'. <u>Setting performance standards</u> which are the criteria against which the actual performance would be measured.</p> <p>(ii) <u>Measurement of actual performance</u></p> <p>'Even then the assembly of air-conditioners per day is 800 units only'.</p> <p><u>Measurement of actual performance</u> with the standards in an objective and reliable manner.</p> <p>(iii) <u>Comparing actual performance with the standards</u></p> <p>'... the company compared actual performance of each worker'</p>	<p>1 mark for identification + ½ mark for stating each step = ½ x 4 = 2 marks = 1+2 = 3 marks</p>

	<p><u>Comparing actual performance with the standards</u> to find out the deviation, if any.</p> <p>(iv) <u>Analysing deviations</u></p> <p>observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p><u>Analysing deviations</u> for their causes.</p> <p>(If an examinee has given the steps of the process not discussed above, ½ mark may be deducted)</p> <p>(FULL CREDIT BE GIVEN FOR QUOTING THE LINE OR GIVING THE STATEMENT)</p>	
<p>14</p>	<p>Q. State any four features of principles of management.</p> <p>Ans. Ans. <u>Features of principles of management: (Any four)</u></p> <p>(i) The principles of management <u>apply to all types of organisations, at all levels and at all times.</u></p> <p>(ii) The principles are <u>guidelines to action</u> but do not provide readymade, straitjacket solutions to all managerial problems.</p> <p>(iii) The principles of management are <u>derived by observation, experimentation</u> as well as personal experience of managers.</p> <p>(iv) They are not rigid but are <u>flexible</u> and can be modified by the manager when the situation so demands.</p> <p>(v) Management principles aim at <u>influencing behaviour of human beings.</u></p> <p>(vi) The principles of management establish <u>cause and effect relationship</u> so that they can be used in similar situations in a large number of cases.</p> <p>(vii) The application of principles of management is <u>contingent</u> or dependent upon the prevailing situation at a particular point of time.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>
<p>15</p>	<p>Q. Explain the concept of ‘consumer protection’ and any three points of importance from the point of view of consumers.</p> <p>Ans. Consumer protection means protection of consumers from unscrupulous, exploitative and unfair trade practices.</p> <p>Importance of Consumer protection for consumers is due to:</p>	<p>1 mark for concept</p> <p>+</p> <p>½ mark for the heading</p> <p>+</p> <p>½ mark for the explanation</p>

	<p>(i) Consumer Ignorance. (ii) Unorganized consumers. (iii) Widespread exploitation of consumers.</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>= 1 x 3 = 3 marks = 1+3 = 4 marks</p>
16	<p>Q. 'Mission Coach Ltd.' is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.</p> <p>(a) Name and explain the money-market instrument the company can use for the above purpose.</p> <p>(b) What is the duration for which the company can get funds through this instrument?</p> <p>(c) State any other purpose for which this instrument can be used.</p> <p>Ans. (a) Commercial paper. It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p>1 mark for naming the instrument + 1 mark for its explanation + 1 mark for duration + 1 mark for any other purpose = 1+1+1+1 = 4 marks</p>
17	<p>Q. Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organization, but due to long working hours she did not have time to cook her meals. She had to depend on outside food, which was deteriorating her health. She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.</p> <p>(a) State the dimension of business environment being discussed above.</p> <p>(b) State the principle of management being followed by 'Fortio'.</p>	<p>½ mark for identifying the dimension + ½ mark for either quoting the line OR</p>

	<p>(c) Identify any two values being communicated by the company to the society in the above case.</p> <p>Ans. (a) <u>Social environment</u> which includes social forces like customs and traditions, values, social trends etc.</p> <p><i>‘This was because of increase in the number of working women and non-availability of hygienic home-cooked food’.</i></p> <p>(b) <u>Remuneration of employees</u> states that the overall pay and compensation should be fair to both employees and the organisation.</p> <p><i>‘The company was paying good salary and perks to its employees. The wages were within the paying capacity ... standard of living’.</i></p> <p>(c) <u>Values being communicated by the company to the society are: (Any two)</u></p> <p>(i) Good work culture. (ii) Good behaviour in human interaction. (iii) Concern for the employees. (iv) Respect for law.</p> <p style="text-align: center;">(or any other correct value)</p>	<p>stating the dimension</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for identifying the principle</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for either quoting the line OR stating the principle</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. The workers of ‘Gargya Ltd.’ are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently. Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. <u>Training of employees/ Vestibule training/ On the job training.</u></p> <p><u>Benefits the workers will derive by the decision of the supervisor: (Any three)</u></p> <p>(a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge. (b) It helps them to <u>earn more</u> due to improved performance. (c) It <u>reduces accidents</u> as the employees are more efficient to handle machines. (d) It <u>increases the morale</u> of the employees as the employees are more satisfied.</p> <p>(If an examinee has given only the heading, ½ mark for each</p>	<p style="text-align: center;">1 mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for each statement</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 3</p> <p style="text-align: center;">=</p> <p style="text-align: center;">3 marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1+3</p> <p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p>

	heading should be awarded)	
19	<p>Q. Neeraj Gupta started a company ‘YoYo Ltd.’ with ten employees, to assemble economical computers for the Indian rural market. The company did very well, in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.</p> <p>(a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) <u>Importance of decentralisation:</u> (Any three)</p> <p>(i) Develops initiative among subordinates. (ii) Develops managerial talent for the future. (iii) Quick decision making. (iv) Relief to top management. (v) Facilitates growth. (vi) Better control.</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>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+</p> <p>½ mark for its explanation)</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>
20	<p>Q. What is meant by ‘Delegation’? State any four points which highlight the importance of delegation in an organization.</p> <p>Ans. Delegation refers to granting of authority to subordinates to operate within prescribed limits.</p> <p><u>Importance of delegation of authority:</u> (Any four)</p> <p>(i) It helps in <u>effective management</u> as the managers get more time to concentrate on important matters.</p> <p>(ii) It helps in <u>development of employees</u> as the employees get more opportunities to utilize their talent.</p> <p>(iii) It helps to <u>motivate employees</u> as the employees feel encouraged and try to improve their performance further.</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p> <p>=</p>

	<p>(iv) It <u>facilitates growth</u> by providing a ready workforce to take up leading positions in new ventures.</p> <p>(v) It <u>establishes a management hierarchy</u> through clear superior subordinate relationships.</p> <p>(vi) It helps in <u>better co-ordination</u> by avoiding overlapping of duties.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1+4 = 5 marks</p>
<p>21</p>	<p>Q. Mohit Gupta is working with ‘Yellow Security Services Ltd.’ He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.</p> <p>(a) Name the source of recruitment used by ‘Yellow Security Services Ltd.’</p> <p>(b) State any one disadvantage of this source of recruitment.</p> <p>(c) Identify the need of ‘Security Guards’ which is being fulfilled by the company as per Maslow’s need hierarchy.</p> <p>(d) Identify any two values communicated to the society in the above stated case.</p> <p>Ans. (a) <u>External source of recruitment/ Labour Contractor.</u></p> <p>(b) Disadvantages of external source of recruitment: (Any one)</p> <p>(i) It may lead to <u>dissatisfaction among existing employees</u> as they may feel that their chances of promotion are reduced.</p> <p>(ii) It is a <u>lengthy process</u> as the vacancies have to be notified and applications received before selection.</p> <p>(iii) It is a <u>costly process</u> as a lot of money is spent on advertisement and processing of applications.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p>(c) Basic physiological needs.</p> <p>(d) Values communicated to the society are: (Any two)</p> <p>(i) Creating employment opportunities.</p> <p>(ii) Ethical behaviour.</p> <p>(iii) Respect for time.</p> <p>(or any other correct value)</p>	<p>1 mark for naming the source of recruitment + 1 mark for stating one disadvantage + 1 mark for identifying the need + 1 mark for identifying each value = 1 x 2 = 2 marks = 1+1+1+2 = 5 marks</p>

<p>22</p>	<p>Q. Anjali had been working with ‘Tata Enterprises’ for the last ten years. She was famous for her dedication towards the work. When the Manager senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone’s surprise the vacant post was filled by an outsider ‘Miss Monika’. Anjali felt demoralized and her performance started declining. She would absent herself often and could not meet her targets.</p> <p>Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She noticed Anjali’s behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organization and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.</p> <p>(a) Identify the function of management being performed by Monika.</p> <p>(b) Name the element of the above function of management which helped Monika to improve Anjali’s behaviour.</p> <p>(c) State any three features of the element identified in (b) above.</p> <p>Ans. (a) Directing.</p> <p>(b) Motivation.</p> <p>(c) Features of motivation: (Any three)</p> <p>(a) It is an internal feeling.</p> <p>(b) It produces goal directed behaviour.</p> <p>(c) It can be positive or negative.</p> <p>(d) It is a complex process.</p> <p>(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)</p>	<p>1 mark for identifying the function</p> <p>+</p> <p>1 mark for identifying the element</p> <p>=</p> <p>+</p> <p>1 mark for each feature</p> <p>=</p> <p>(1 x 3)</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1+1+3</p> <p>=</p> <p>5 marks</p>
<p>23</p>	<p>Q. Explain the following principles of management:</p> <p>(a) Scalar Chain.</p> <p>(b) Harmony, not discord.</p> <p>Ans. (a) <u>Scalar chain:</u></p> <p><u>Meaning</u></p> <p>The chain of authority and communication that runs from top to bottom and is followed by both the managers and the subordinates is called scalar chain.</p> <ul style="list-style-type: none"> • This chain should not be violated in the normal course of formal communication. • In case of any emergency, a shorter route named gang plank may be used to avoid delay in communication. • It facilitates smooth flow of communication and unity of 	<p>1 x 3</p> <p>=</p> <p>3 marks</p>

	<p>command in the organisation.</p> <p>(Any two points from the above points along with the meaning) (If an examinee has explained the principle with the help of a diagram in addition to the meaning, full credit be given)</p> <p>(b) <u>Harmony Not Discord</u></p> <ul style="list-style-type: none"> ▪ The principle emphasises that there should be <u>complete harmony</u> between the management and the workers. ▪ This requires ‘<u>Mental revolution</u>’ on the part of both management and workers. Both management and the workers should transform their thinking. ▪ <u>Management should share gains</u> of the company if any with the workers and <u>workers should work hard</u> and be wiling to embrace change for the good of the company. 	<p style="text-align: center;">1 x 3 = 3 marks = 3+3 = 6 marks</p>
24	<p>Q. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customers’ views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of ‘Malabari Organic Rice’ and classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation. Explain the three functions of marketing, with reference to the above paragraph.</p> <p>Ans. <u>Functions of marketing, with reference to the above paragraph are:</u></p> <p>(i) Gathering and analysing market information.</p> <p><i>‘...use internet to gather customers’ views and opinions.’</i></p> <p>(ii) Standardisation and Grading/ Grading.</p> <p><i>‘...no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output.’</i></p> <p style="text-align: center;">OR</p> <p><i>‘...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality’.</i></p>	<p style="text-align: center;">1 mark for naming the function + ½ mark for quoting the line + ½ mark</p>

	<p>(iii) Branding.</p> <p><i>'To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice'.'</i></p> <p style="text-align: center;">OR</p> <p><i>She felt that these names would help her in product differentiation.</i></p> <p>(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)</p>	<p>for its explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 x 3</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p>
<p>25</p>	<p>Q. 'Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.</p> <p>It has taken a loan of Rs. 50 lakhs from I.C.I.C.I. Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.</p> <p>The above discussion about the company leads to various factors which decide how much profits should be retained and how much has to be distributed by the company.</p> <p>Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p><i>'It has been consistently earning good profits for many years'.</i></p> <p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><i>'There is availability of enough cash in the company'.</i></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><i>'Good prospects for growth in the future'.</i></p> <p>If a company has good growth opportunities, it pays out less dividend.</p>	<p style="text-align: center;">½ mark for identifying the factor</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for quoting the line</p> <p style="text-align: center;">+</p>

	<p>(iv) <u>Shareholders' preference</u></p> <p><i>'It has many shareholders who prefer to receive regular income from their investments'.</i></p> <p>Shareholder's preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><i>'It has taken a loan of Rs.50 Lakhs from I.C.I.C.I. andagreement'</i></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</p>	<p>½ mark for explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>
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66/3	<p style="text-align: center;">MARKING SCHEME-2014-15 BUSINESS STUDIES OUTSIDE DELHI-66/1-2-3 EXPECTED ANSWERS / VALUE POINTS</p>	<p style="text-align: center;">DISTRI- BUTION OF MARKS</p>
1	<p>Q. Himanshu purchased a new car from ‘Galaxy Motors’ for Rs. 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.</p> <p>Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.</p> <p>Ans. No, Himanshu cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>	<p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$ =</p> <p style="text-align: center;">1 mark</p>
2	<p>Q. How does ‘cost of equity’ affect the choice of capital structure of a company? Explain.</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;">1 mark</p>
3	<p>Q. ‘Bharat Express’ specializes in Courier Services. Its ‘wide range of express package and parcel services’ help business firms to make sure that the goods are made available to the customers at the right place and at the right time.</p> <p>State with reason, whether the working capital requirements of ‘Bharat Express’ will be high or low.</p> <p>Ans. Low, as it is a service industry, which usually do not have to maintain inventory.</p>	<p style="text-align: center;">$\frac{1}{2}$ mark for identification + $\frac{1}{2}$ mark for reason =</p> <p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$ =</p> <p style="text-align: center;">1 mark</p>
4	<p>Q. ‘Maruti Vega Ltd.’ entered into the market with coloured television and have now introduced products like audio systems, air-conditioners, washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.</p> <p>Identify the element of marketing-mix discussed here.</p>	<p style="text-align: center;">1 mark</p>

	Ans. Product/ Product mix.	
5	<p>Q. Explain, how management helps in the development of society.</p> <p>Ans. Management helps in the development of society by: (Any two)</p> <ul style="list-style-type: none"> ▪ providing <u>good quality products and services</u>, ▪ creating <u>employment</u> ▪ adopting <u>new technology and</u> ▪ <u>leading the path towards growth and development.</u> 	<p>$\frac{1}{2} \times 2$</p> <p>=</p> <p>1 mark</p>
6	<p>Q. ‘Himalaya Ltd.’, is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type of organization structure. Identify the type of organization structure described above.</p> <p>Ans. Functional Structure.</p>	1 mark
7	<p>Q. Give the meaning of ‘Programme’ as a type of plan.</p> <p>Ans. Programme is a detailed statement about a project which outlines the objectives, policies, procedures, rules, resources required and the budget to implement any course of action.</p>	1 mark
8	<p>Q. Define ‘co-ordination.’</p> <p>Ans. Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.</p> <p style="text-align: center;">(or any other correct definition)</p>	1 mark
9	<p>Q. State any three features of ‘Informal Organisation.’</p> <p>Ans. <u>Features of Informal Organisation</u> are: (any three)</p> <p>(i) It <u>originates from within the formal organisation.</u></p> <p>(ii) It <u>emerges spontaneously</u> and is not deliberately created by the management.</p> <p>(iii) The standards of behaviour evolve from <u>group norms.</u></p> <p>(iv) <u>Independent channels of communication</u> are developed by group members.</p> <p>(v) It has <u>no definite structure</u> or form.</p> <p>(If an examinee has given only the headings , $\frac{1}{2}$ mark for each heading should be awarded)</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p>
10	<p>Q. Jaideep recently joined as the Managing Director of ‘Tivori Ltd.’, an apparel designing company. He observed that the company had a</p>	1 mark for identifying the

	<p>number of experienced fashion designers on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this the employees felt disheartened and stopped giving useful suggestions.</p> <p>(a) Identify the communication barrier discussed above. (b) State the category of this communication barrier. (c) Explain any other communication barrier of the same category.</p> <p>Ans. (a) Organisational policy (b) Organisational barrier which arises from organisational structure, authority relationships, rules and regulations etc.</p> <p>(c) <u>Other communication barriers of the same category are:</u> (Any one) (i) Rules and regulations (ii) Status (iii) Complexity in organisational structure. (iv) Organisational facilities. (If an examinee has not given the headings, no marks should be deducted)</p>	<p>barrier + ½ mark for naming the category of barrier + ½ mark for stating the category of the barrier + (½ mark for naming another barrier + ½ mark for its explanation) = 1+1+1 = 3marks</p>
<p>11</p>	<p>Q. ‘The Stock Exchange performs many vital functions in today’s commercial world.’ Explain any three such functions.</p> <p>Ans. Vital functions performed by the Stock Exchange in today’s commercial world are: (Any three)</p> <p>(i) Provides liquidity and marketability to existing securities. (ii) Helps in determining the price of securities. (iii) Ensures safety of transactions. (iv) Contributes to economic growth. (v) Helps in spreading equity cult. (vi) Provides scope for speculation.</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>½ mark for the heading + ½ mark for the explanation = 1 x 3 = 3 marks</p>
<p>12</p>	<p>Q. ‘A.S. Ltd.’ is a large company engaged in assembly of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then</p>	

	<p>the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p>(a) Identify the function of management discussed above.</p> <p>(b) State those steps in the process of the function identified which are discussed in the above paragraph.</p> <p>Ans. (a) Controlling.</p> <p>(b) Steps discussed in the above paragraph are:</p> <p>(i) <u>Setting performance standards</u></p> <p>‘Recently the company had conducted the ‘Time’can assemble ten air-conditioners in a day’.</p> <p style="text-align: center;">OR</p> <p>‘The target volume of the company in a day is assembling of 1,000 units of air-conditioners’.</p> <p><u>Setting performance standards</u> which are the criteria against which the actual performance would be measured.</p> <p>(ii) <u>Measurement of actual performance</u></p> <p>‘Even then the assembly of air-conditioners per day is 800 units only’.</p> <p><u>Measurement of actual performance</u> with the standards in an objective and reliable manner.</p> <p>(iii) <u>Comparing actual performance with the standards</u></p> <p>‘... the company compared actual performance of each worker’</p> <p><u>Comparing actual performance with the standards</u> to find out the deviation, if any.</p> <p>(iv) <u>Analysing deviations</u></p> <p>observed through C.C.T.V. that some of the workers were busy in gossiping.</p> <p><u>Analysing deviations</u> for their causes.</p> <p>(If an examinee has given the steps of the process not discussed above, ½ mark may be deducted)</p> <p>(FULL CREDIT BE GIVEN FOR QUOTING THE LINE OR GIVING THE STATEMENT)</p>	<p>1 mark for identification</p> <p>+</p> <p>½ mark for stating each step</p> <p>=</p> <p>½ x 4</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+2</p> <p>=</p> <p>3 marks</p>
13	Q. How do the ‘Company-related factors’ affect the choice of	

	<p>channels of distribution? Explain.</p> <p>Ans. Company related factors include:</p> <p>(i) <u>Financial strength of the company</u>: If the financial strength of the company is good, it would prefer shorter channels.</p> <p>(ii) <u>Degree of control over channel members</u>: If company's management wants greater control over channel members, shorter channels may be used.</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>$\frac{1}{2}$ mark for the heading + 1 mark for each explanation = 1 $\frac{1}{2}$ x 2 = 3 marks</p>
14	<p>Q. State any four points which highlight the importance of principles of management.</p> <p><u>Importance of principles of management</u> :(any four):</p> <p>(i) They provide the managers with <u>useful insights into reality</u>.</p> <p>(ii) They help in <u>optimum utilisation of resources</u> as the wastages associated with trial and error approach can be overcome.</p> <p>(iii) They help in <u>effective administration</u> as the decisions are free from personal bias.</p> <p>(iv) They help in taking <u>scientific decisions</u> which are based on objective assessment of the situation.</p> <p>(v) They help in meeting <u>changing environment requirements</u> as they can be modified according to the needs of the environment.</p> <p>(vi) They help in fulfilling <u>social responsibility</u> by responding to the demands of the public.</p> <p>(vii) They are used as a <u>basis for management training, education and research</u> by providing the basic groundwork for the development of management as a discipline.</p> <p>(If an examinee has given only the heading, $\frac{1}{2}$ mark for each heading should be awarded)</p>	<p>1 mark for each statement = 1 x 4 = 4 marks</p>
15	<p>Q. Explain any two points of importance of 'consumer protection' from the point of view of business and any two points from the point of view of consumers.</p> <p>Ans. <u>Importance of 'consumer protection' from the point of view of business</u>: (Any two)</p>	<p>$\frac{1}{2}$ mark for the heading + $\frac{1}{2}$ mark for the explanation</p>

	<p>(i) Long-term interests of business. (ii) Business uses society's resources. (iii) Social Responsibility. (iv) Moral Justification. (v) Government Intervention.</p> <p><u>Importance of 'consumer protection' from the point of view of consumers: (Any two)</u></p> <p>(i) Consumer Ignorance. (ii) Unorganized consumers. (iii) Widespread exploitation of consumers.</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>= 1 x 2 = 2 marks</p> <p>+ ½ mark for the heading + ½ mark for the explanation = 1 x 2 = 2 marks = 2 + 2 = 4 marks</p>
16	<p>Q. 'Mission Coach Ltd.' is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.</p> <p>(a) Name and explain the money-market instrument the company can use for the above purpose.</p> <p>(b) What is the duration for which the company can get funds through this instrument?</p> <p>(c) State any other purpose for which this instrument can be used.</p> <p>Ans. (a) Commercial paper. It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. It is an unsecured, negotiable promissory note with a fixed maturity period.</p> <p>(b) 15 days to one year.</p> <p>(c) It can also be used for seasonal and working capital needs.</p>	<p>1 mark for naming the instrument + 1 mark for its explanation + 1 mark for duration + 1 mark for any other purpose = 1+1+1+1 = 4 marks</p>
17	<p>Q. Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their</p>	

	<p>subordinates. Beni was very happy in this organization, but due to long working hours she did not have time to cook her meals. She had to depend on outside food, which was deteriorating her health. She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.</p> <p>(a) State the dimension of business environment being discussed above.</p> <p>(b) State the principle of management being followed by ‘Fortio’.</p> <p>(c) Identify any two values being communicated by the company to the society in the above case.</p> <p>Ans. (a) <u>Social environment</u> which includes social forces like customs and traditions, values, social trends etc.</p> <p><i>‘This was because of increase in the number of working women and non-availability of hygienic home-cooked food’.</i></p> <p>(b) <u>Remuneration of employees</u> states that the overall pay and compensation should be fair to both employees and the organisation.</p> <p><i>‘The company was paying good salary and perks to its employees. The wages were within the paying capacity ... standard of living’.</i></p> <p>(c) <u>Values being communicated by the company to the society are: (Any two)</u></p> <p>(i) Good work culture. (ii) Good behaviour in human interaction. (iii) Concern for the employees. (iv) Respect for law.</p> <p style="text-align: center;">(or any other correct value)</p>	<p style="text-align: center;">½ mark for identifying the dimension + ½ mark for either quoting the line OR stating the dimension</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for identifying the principle + ½ mark for either quoting the line OR stating the principle</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 mark for each value = (1 x 2) = 2 marks = 1+1+2 = 4 marks</p>
18	<p>Q. The workers of ‘Gargya Ltd.’ are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of</p>	

	<p>workers, can make them handle their work independently. Also state any three benefits that the workers will derive by the decision of the supervisor.</p> <p>Ans. <u>Training of employees/ Vestibule training/ On the job training.</u></p> <p><u>Benefits the workers will derive by the decision of the supervisor: (Any three)</u></p> <p>(a) It helps in <u>promotion and career growth</u> due to improved skills and knowledge.</p> <p>(b) It helps them to <u>earn more</u> due to improved performance.</p> <p>(c) It <u>reduces accidents</u> as the employees are more efficient to handle machines.</p> <p>(d) It <u>increases the morale</u> of the employees as the employees are more satisfied.</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 for each statement</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>
19	<p>Q. Neeraj Gupta started a company ‘YoYo Ltd.’ with ten employees, to assemble economical computers for the Indian rural market. The company did very well, in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.</p> <p>(a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.</p> <p>(b) Also explain any three points of importance of this concept.</p> <p>Ans. (a) Decentralisation.</p> <p>(b) <u>Importance of decentralisation: (Any three)</u></p> <p>(i) Develops initiative among subordinates.</p> <p>(ii) Develops managerial talent for the future.</p> <p>(iii) Quick decision making.</p> <p>(iv) Relief to top management.</p> <p>(v) Facilitates growth.</p> <p>(vi) Better control.</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>(IF THE CONCEPT IS WRONGLY IDENTIFIED BUT THE POINTS OF IMPORTANCE ARE CORRECT, DUE CREDIT BE GIVEN)</p>	<p>1 mark for identifying the concept</p> <p>+</p> <p>(½ mark for the heading</p> <p>+ ½ mark for its explanation)</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>20</p>	<p>Q. Give the meaning of ‘divisional structure’ of organizing. State its any four advantages.</p> <p>Ans. <u>Divisional structure</u> is an organisation structure comprising of separate business units or divisions created on the basis of different products, geographical area, customer groups etc.</p> <p><u>Advantages of divisional structure: (Any four)</u></p> <p>(i) <u>Product specialisation</u> helps in the development of varied skills.</p> <p>(ii) It helps in the <u>fixation of responsibility</u> as divisional heads are accountable for profits, revenues and costs related to their departments.</p> <p>(iii) It promotes <u>flexibility, initiative and faster decision making</u> as each division is an autonomous unit.</p> <p>(iv) It facilitates <u>expansion and growth</u> as new divisions can be added without interrupting the existing operations.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p>	<p>1 mark for the meaning + 1 mark for stating each advantage = 1 x 4 = 4 marks</p> <p>= 1+4 = 5 marks</p>
<p>21</p>	<p>Q. Anjali had been working with ‘Tata Enterprises’ for the last ten years. She was famous for her dedication towards the work. When the Manager senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone’s surprise the vacant post was filled by an outsider ‘Miss Monika’. Anjali felt demoralized and her performance started declining. She would absent herself often and could not meet her targets.</p> <p>Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She noticed Anjali’s behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organization and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.</p> <p>(a) Identify the function of management being performed by Monika. (b) Name the element of the above function of management which helped Monika to improve Anjali’s behaviour. (c) State any three features of the element identified in (b) above.</p> <p>Ans. (a) Directing.</p> <p>(b) Motivation.</p> <p>(c) <u>Features of motivation: (Any three)</u> (a) It is an internal feeling. (b) It produces goal directed behaviour. (c) It can be positive or negative.</p>	<p>1 mark for identifying the function + 1 mark for identifying the element = + 1 mark for each feature = (1 x 3)</p>

	<p>(d) It is a complex process.</p> <p>(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)</p>	<p>=</p> <p>3 marks</p> <p>=</p> <p>1+1+3</p> <p>=</p> <p>5 marks</p>
22	<p>Q. Mohit Gupta is working with ‘Yellow Security Services Ltd.’ He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.</p> <p>(a) Name the source of recruitment used by ‘Yellow Security Services Ltd.’</p> <p>(b) State any one disadvantage of this source of recruitment.</p> <p>(c) Identify the need of ‘Security Guards’ which is being fulfilled by the company as per Maslow’s need hierarchy.</p> <p>(d) Identify any two values communicated to the society in the above stated case.</p> <p>Ans. (a) <u>External source of recruitment/ Labour Contractor.</u></p> <p>(b) Disadvantages of external source of recruitment: (Any one)</p> <p>(i) It may lead to <u>dissatisfaction among existing employees</u> as they may feel that their chances of promotion are reduced.</p> <p>(ii) It is a <u>lengthy process</u> as the vacancies have to be notified and applications received before selection.</p> <p>(iii) It is a <u>costly process</u> as a lot of money is spent on advertisement and processing of applications.</p> <p>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</p> <p>(c) Basic physiological needs.</p> <p>(d) Values communicated to the society are: (Any two)</p> <p>(i) Creating employment opportunities.</p> <p>(ii) Ethical behaviour.</p> <p>(iii) Respect for time.</p> <p>(or any other correct value)</p>	<p>1 mark for naming the source of recruitment</p> <p>+</p> <p>1 mark for stating one disadvantage</p> <p>+</p> <p>1 mark for identifying the need</p> <p>+</p> <p>1 mark for identifying each value</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+1+1+2</p> <p>=</p> <p>5 marks</p>
23	<p>Q. Explain the following principles of management:</p> <p>(a) Subordination of Individual Interest to General Interest.</p> <p>(b) Development of Each and Every Person to His or Her Greatest Efficiency.</p> <p>Ans.</p> <p>(a) <u>Subordination of Individual Interest to General Interest:</u></p>	

	<ul style="list-style-type: none"> • The interests of an organisation should take priority over the interests of any individual employee. • The larger interests of the workers and stakeholders are more important than the interest of any one person. • A manager can ensure this by his/ her exemplary behaviour. <p>(b) <u>Development of Each and Every Person to His or Her Greatest Efficiency:</u></p> <ul style="list-style-type: none"> • This principle is concerned with efficiency of employees which could be built in right from the process of employee selection. • The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency. • Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers. 	<p>1 x 3 = 3 marks</p> <p>1 x 3 = 3 marks = 3+3 = 6 marks</p>
24	<p>Q. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.</p> <p>Explain the three functions of marketing, with reference to the above paragraph.</p> <p><u>Ans. Functions of marketing, with reference to the above paragraph are:</u></p> <p>(i) Gathering and analysing market information.</p> <p><i>'...use internet to gather customers' views and opinions.'</i></p> <p>(ii) Standardisation and Grading/ Grading.</p> <p><i>'...no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output.'</i></p> <p>OR</p>	<p>1 mark for naming the function + ½ mark for quoting the line</p>

	<p><i>'...classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.</i></p> <p>(iii) Branding.</p> <p><i>'To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice'.'</i></p> <p style="text-align: center;">OR</p> <p><i>She felt that these names would help her in product differentiation.</i></p> <p>(IF AN EXAMINEE HAS IDENTIFIED THE FUNCTIONS CORRECTLY AND HAS GIVEN THE EXPLANATION WITHOUT QUOTING THE LINES FROM THE ABOVE PARA, FULL CREDIT IS TO BE GIVEN)</p>	<p style="text-align: center;">+</p> <p style="text-align: center;">½ mark</p> <p style="text-align: center;">for its explanation</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 x 3</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p>
<p>25</p>	<p>Q. 'Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.</p> <p>It has taken a loan of Rs. 50 lakhs from I.C.I.C.I. Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.</p> <p>The above discussion about the company leads to various factors which decide how much profits should be retained and how much has to be distributed by the company.</p> <p>Quoting the lines from the above discussion, identify and explain any four such factors.</p> <p>Ans. Factors affecting dividend decision: (Any four)</p> <p>(i) <u>Stability of earnings</u></p> <p><i>'It has been consistently earning good profits for many years'.</i></p> <p>Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(ii) <u>Cash Flow position</u></p> <p><i>'There is availability of enough cash in the company'.</i></p> <p>A good cash flow position is necessary for declaration of dividend.</p> <p>(iii) <u>Growth Prospects</u></p> <p><i>'Good prospects for growth in the future'.</i></p>	<p style="text-align: center;">½ mark for</p> <p style="text-align: center;">identifying the factor</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for quoting</p> <p style="text-align: center;">the line</p>

<p>If a company has good growth opportunities, it pays out less dividend.</p> <p>(iv) <u>Shareholders' preference</u></p> <p><i>'It has many shareholders who prefer to receive regular income from their investments'.</i></p> <p>Shareholder's preference is kept in mind by the management before declaring dividends.</p> <p>(v) <u>Contractual constraints</u></p> <p><i>'It has taken a loan of Rs.50 Lakhs from I.C.I.C.I. andagreement'</i></p> <p>While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</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 ½ x 4</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p>
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