

Q SET No			MARKING SCHEME- 2012-13 BUSINESS STUDIES FOREIGN 66/2/1-2-3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/2/1	66/2/2	66/2/3		
1	3	12	Q What is meant by ‘Performance Appraisal’? Ans. Performance Appraisal means evaluating an employee’s current and/or past performance as against certain predetermined standards.	1 mark
2	6	11	Q Name the function of management that recognises the importance of every single person employed by an organisation Ans. Staffing	1 mark
3	9	10	Q Name the type of plan that does not allow for any flexibility or discretion Ans. Rule.	1 mark
4	1	9	Q Distinguish between ‘Unity of Command’ and ‘Unity of Direction’ principles of management on the basis of ‘A.M.’ Ans. ‘Unity of Command’ prevents dual subordination while ‘Unity of Direction’ prevents overlapping of activities.	1 mark
5	2	8	Q Suggest a suitable organisation structure, for a large scale organisation having diversified activities and operations that require a high degree of specialisation Ans. Functional Structure.	1 mark
6	4	7	Q What is the direction of flow of ‘Responsibility’ and ‘Accountability’? Ans. Both responsibility and accountability flow upwards from subordinate to superior.	1 mark
7	7	6	Q Give the meaning of ‘Authoritative style’ of leadership Ans. Authoritative style of leadership is one in which a leader gives orders and insists that they are obeyed. He determines the policies for the group without consulting them	1 mark
8	10	5	Q Why is informal system of communication generally referred as the ‘grapevine communication’? Ans. Informal system of communication is generally referred to as ‘grapevine communication’ because it spreads throughout the organisation with its branches going out in all directions in disregard to the levels of authority.	1 mark
9	11	4	Q Define ‘Brand Name’. Ans. Brand Name is that part of the brand which can	1 mark

			be spoken.	
10	12	3	<p>Q What is meant by promotion?</p> <p>Ans. Promotion refers to the use of communication with the twin objectives of informing potential customers about the product and persuading them to buy it.</p> <p>(In case the examinee has explained ‘promotion’ as an internal source of recruitment, full credit should be given)</p>	1 mark
11	8	2	<p>Q Give the meaning of ‘Financial Market’.</p> <p>Ans. Financial Market is the market for the creation and exchange of financial assets.</p>	1 mark
12	5	1	<p>Q State any one function of ‘Stock exchange’.</p> <p>Ans. Functions of a stock exchange are: (Any one)</p> <p>(a) It provides liquidity and marketability to existing securities.</p> <p>(b) It helps in determining the prices of securities through the forces of demand and supply.</p> <p>(c) It ensures safety of transactions because it is well regulated and transactions are performed within the existing legal framework.</p> <p>(d) It contributes to economic growth through the process of disinvestment and reinvestment.</p> <p>(e) It helps in spreading of equity culture by regulating new issues and better trading practices.</p> <p>(f) It provides scope for healthy speculation to ensure liquidity and price continuity in the stock market.</p> <p>(If an examinee has only given the headings, ½ mark for each heading should be awarded.)</p>	1 mark
13	--	--	<p>Q State any three responsibilities of a consumer.</p> <p>Ans. Responsibilities of the consumer to safeguard his interests: (Any three)</p> <p>(i) <u>Be aware</u> about various goods and services available in the market so that an <u>intelligent and wise choice</u> can be made.</p> <p>(ii) <u>Buy only standardised goods</u> as they provide quality assurance. Thus, look for <u>ISI mark</u> on electrical goods, <u>FPO mark</u> on food products, <u>Hall mark</u> on jewellery etc.</p> <p>(iii) <u>Learn</u> about the <u>risks</u> associated with products and services, <u>follow manufacturer’s instructions</u> and use the products safely.</p> <p>(iv) <u>Read labels carefully</u> so as to have information about <u>prices, net weight, manufacturing and expiry dates</u>, etc.</p> <p>(v) <u>Assert yourself</u> to ensure that you get a <u>fair deal</u>.</p>	<p>1 x 3</p> <p>=</p> <p>3 marks</p>

			<p>(vi) <u>Be honest in your dealings</u> and choose only from legal source and discourage unscrupulous practices like black-marketing, hoarding etc.</p> <p>(vii) <u>Ask for a cash memo</u> on purchase of goods or services. This would serve as a proof of the purchase made.</p> <p>(viii) <u>File a complaint in an appropriate consumer forum</u> in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.</p> <p>(ix) <u>Form consumer societies</u> which would play an active role in educating consumers and safeguarding their interests.</p> <p>(x) <u>Respect the environment</u>. Avoid waste, littering and contributing to pollution.</p> <p>(If an examinee has only given the headings, ½ mark for each heading should be awarded.)</p>	
14	--	--	<p>Q State any three functions of consumer organisations.</p> <p>Ans. <u>Functions of consumer organisations are: (Any three)</u></p> <p>(i) <u>Educating the general public about consumer rights</u> 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>(iii) <u>Carrying out comparative testing</u> of consumer products in accredited laboratories.</p> <p>(iv) <u>Encouraging consumers to strongly protest</u> and take action against unfair trade practices.</p> <p>(v) <u>Providing legal assistance</u> to consumers.</p> <p>(vi) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers.</p> <p>(vii) <u>Taking an initiative in filing cases</u> in the interest of general public.</p>	<p>1 x 3 = 3 marks</p>
15	--	--	<p>Q Give the meaning of allocative function of financial market. State the consequences of this function</p> <p>Ans. <u>Allocative function of financial market</u> refers to allocating or directing funds available for investment into their most productive investment opportunity.</p> <p><u>Consequences of allocative function of financial market:</u></p> <p>(i) The rate of return offered to the households would be higher.</p> <p>(ii) Scarce resources are allocated to those firms</p>	<p>1 mark for the meaning + 1 mark for each consequence =1 x 2 =2 marks</p> <p>=1+2</p>

			which have the highest productivity for the economy.	=3 marks.
16	--	--	<p>Q State any three regulatory functions of Securities and Exchange Board of India (SEBI).</p> <p>Ans. <u>Regulatory functions of Securities and Exchange Board of India are (Any three):</u></p> <ol style="list-style-type: none"> 1. It <u>registers brokers</u> and sub brokers and other players in the market. 2. It <u>registers collective investment schemes</u> and mutual funds. 3. It <u>regulates stock brokers</u>, portfolio exchanges, underwriters and merchant bankers. 4. It <u>regulates takeover bids</u> by companies. 5. It calls for information by <u>undertaking inspection</u>, conducting enquiries and audit of stock exchanges and intermediaries. 6. It <u>levies fee or other charges</u> for carrying out the purposes of the SEBI Act, 1992. 7. It <u>performs and exercises</u> such powers under Securities Contract (Regulation) Act, 1956 as may be delegated by the Government of India. <p>(If an examinee has given only the heading, 1/2 mark for the heading should be awarded)</p>	<p>1 x 3 = 3 marks</p>
17	--	--	<p>Q Explain why it is said that controlling is a forward looking as well as backward looking function</p> <p>Ans. <u>Controlling is forward looking</u> because corrective action in controlling seeks to improve the performance in the future or to revise future plans.</p> <p><u>Controlling is looking back</u> because it is like a post mortem of past activities to find out deviations from the standards.</p>	<p>1 1/2 marks + 1 1/2 marks =3 marks</p>
18	--	--	<p>Q Explain 'Taking corrective action' as a step of controlling process.</p> <p>Ans.</p> <ul style="list-style-type: none"> ▪ <u>If the deviations are within acceptable limits, no corrective action is required.</u> ▪ <u>When deviations go beyond the acceptable range especially in important areas, immediate managerial attention is required</u> so that the deviations do not occur again. ▪ <u>If the deviations cannot be corrected through managerial action, the standards may have to be revised.</u> 	<p>3 marks</p>

19	21	22	<p>Q Sahil, the director of a garments company, is planning to manufacture bags for the utilisation of waste material of one of his garments unit. He decided that this manufacturing unit will be set up in a rural area of Orissa where people have very less job opportunities and labour is available at very low rate. He also thought of giving equal opportunities to men and women. For this he selected Rehman, A Banerjee, Harpreet Kaur and Rajesh as heads of Sales, Accounts, Purchase and Production departments.</p> <p>(i) Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.</p> <p>(ii) Also identify any two values which Sahil wants to communicate to the society by setting up this manufacturing unit.</p> <p>Ans: (i) <u>The next two steps that Sahil has to follow in the staffing process are:</u></p> <p>(a) <u>Placement and orientation</u> <u>Placement</u> refers to occupying of position by the employee for which he has been selected. <u>Orientation</u> refers to introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.</p> <p>(b) <u>Training and development</u> <u>Training</u> is the process by which the aptitudes, skills and abilities of the employees to perform specific jobs are improved. <u>Development</u> is the process by which the employees acquire skills and competencies for handling higher jobs in future. It enables the overall growth of the employee.</p> <p>(ii) <u>Values which Sahil wants to communicate to the society are: (Any two)</u></p> <p>(a) Development of backward areas. (b) Providing job opportunities in rural areas. (c) Equality. (d) Optimum utilisation of resources. (e) Secularism</p> <p>(Any other individual response with suitable justification should also be accepted even if there is no reference to the text)</p>	<p>1 ½ marks for each step =1 ½x 2 =3 marks</p> <p style="text-align: center;">+</p> <p>1 mark for each value =1 x 2 =2 marks</p> <p style="text-align: center;">=3+2 =5 marks</p>
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20	22	21	<p>Q Give the other name of ‘Long term Investment Decision’ and state any three factors which affect this decision</p> <p>Ans. Long term Investment decision is also called Capital budgeting decision or the fixed capital decision</p> <p><u>Factors which affect this decision are: (Any three)</u> <u>The following are the factors affecting the long term investment decision (any three):</u></p> <p>(a) <u>Cash flows of the project</u> during the life of an investment affect the long term investment decision.</p> <p>(b) The <u>rate of return of the project</u> based on expected return and the risk involved affects the long term investment decision</p> <p>(c) The <u>investment criteria</u> involved must be considered before taking the long term investment decision</p> <p>(d) <u>Nature of business</u> as a trading concern needs lower fixed capital than a manufacturing concern since it does not require to purchase plant and machinery etc</p> <p>(e) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation</p> <p>(f) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation</p> <p>(g) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(h) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(i) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p> <p>(j) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(k) <u>Collaboration</u> reduces the level of investment in fixed assets.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded.)</p>	<p>1 mark</p> <p>+</p> <p>1 mark for each statement =1 x 3 = 3 marks</p> <p>=1+3 = 4 marks</p>
21	19	20	<p>Q Explain any four factors which affect the fixed capital requirements of a company.</p>	

			<p>Ans. <u>Factors which affect the fixed capital requirements of a company are: (Any four)</u></p> <p>(a) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation.</p> <p>(b) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation.</p> <p>(c) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(d) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(e) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p> <p>(f) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(g) <u>Collaboration</u> reduces the level of investment in fixed assets.</p>	<p>$\frac{1}{2}$ mark for heading</p> <p>+</p> <p>$\frac{1}{2}$ mark for explanation</p> <p>=1 x 4</p> <p>=4 marks</p>
22	20	19	<p>Q What is meant by 'Financial Planning'? State any three points of its importance.</p> <p>Ans. The process of estimating the fund requirements of a business and specifying the sources of funds 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><u>Importance of financial planning: (Any three)</u></p> <p>(i) It helps the company to <u>prepare for the future.</u></p> <p>(ii) It helps in <u>avoiding business shocks</u> and surprises.</p> <p>(iii) It helps in <u>co-ordinating</u> various business functions.</p> <p>(iv) It helps in <u>reducing waste</u>, duplication of efforts, gaps in planning and confusion.</p> <p>(v) It links the <u>present with the future.</u></p> <p>(vi) It provides a <u>link between investment and financing decisions.</u></p> <p>(vii) It <u>makes evaluation easier</u> by spelling out the detailed objectives of various business segments.</p>	<p>1 mark for meaning</p> <p>+</p> <p>1 mark for each statement</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=1+3</p> <p>=</p> <p>4 marks</p>
23	--	--	<p>Q Explain any five reasons which clarify that management is gaining importance day by day.</p> <p>Ans. <u>Five reasons which clarify that management is gaining importance day by day are:</u></p>	<p>$\frac{1}{2}$ mark for the heading</p> <p>+</p>

			<p>(a) Helps in achieving group goals. (b) Increases efficiency. (c) Creates a dynamic organisation. (d) Helps in achieving personal objectives. (e) Helps in the development of society. (If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p>	<p>½ mark for explanation = 1 x 5 = 5 marks</p>
24	24	25	<p>Q Nani and Aslam completed their MBA and started working in a multi-national company at the same level. Both are working hard and are happy with their employer. Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At the time of performance appraisal the performance of Nani was judged better than Aslam. Even then their boss, Saleem Khan decided to promote Aslam stating that being a female Nani will not be able to handle the complications of a higher post.</p> <p>(i) Identify and explain the principle of management which was not followed by this multi-national company.</p> <p>(ii) Identify the values which are being ignored quoting the lines from the above para.</p> <p>Ans. (i) The principle violated is EQUITY.</p> <ul style="list-style-type: none"> ▪ It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. ▪ It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. <p>(ii) The values which are being ignored are: - Good human behaviour because ‘Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss’. - Gender Equality because ‘Their boss decided to promote Aslam stating that being a female Nani will not be able to handle the complications of a higher post’.</p> <p>(Any other individual response with suitable justification should also be accepted even if there is no reference to the text)</p>	<p>1 mark for identifying the principle + 2 marks for explanation</p> <p style="text-align: center;">+</p> <p>1 mark for each value =1 x 2 =2 marks</p> <p style="text-align: center;">=1+2+2 =5 marks</p>
25	25	24	<p>Q The Court passed an order to ban polythene bags as</p>	

			<p>(i) These bags are creating many environmental problems which affect the life of people in general.</p> <p>(ii) Society in general is more concerned about quality of life.</p> <p>The Government decided to give subsidy to jute industry to promote this business.</p> <p>Innovative techniques are being developed to manufacture jute bags at low rates.</p> <p>Incomes are rising and people can afford to buy these bags.</p> <p>Identify the different dimensions of Business Environment by quoting the lines from the above particulars.</p> <p><u>Ans. Legal environment.</u> ‘The Court passed an order to ban polythene bags.’</p> <p><u>Social environment.</u> ‘The bags are creating environmental problems which affect the life of people in general.’ ‘Society in general is more concerned about quality of life.’</p> <p><u>Political environment.</u> The government decided to give subsidy to jute industry to promote this business.’</p> <p><u>Technological environment.</u> ‘Innovative techniques are being developed to manufacture jute bags at low rates.’</p> <p><u>Economic environment.</u> ‘Incomes are rising and people can afford to buy these bags.’</p>	<p>½ mark for identification + ½ mark for quoting the line = 1 x 5 = 5 marks</p>
26	--	--	<p>Q Explain any five characteristics of planning.</p> <p><u>Ans. Characteristics of planning (any five):</u></p> <p>(i) Focuses on achieving objectives. (ii) Primary function of management. (iii) Pervasive. (iv) Continuous. (v) Futuristic. (vi) Involves decision making. (vii) Mental exercise.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>½ mark for heading + ½ mark for explanation = 1x5 =5 marks</p>
27	28	29	<p>Q Explain any four points of importance of delegation</p> <p><u>Ans. Importance of delegation: (Any four)</u></p> <p>1) Effective management. 2) Employee development.</p>	<p>½ mark for heading + 1 mark for</p>

		<p>3) Motivation of employees. 4) Growth facilitation 5) Better co-ordination 6) Creation of management hierarchy. (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 of importance of organising Ans. Importance of organising: (Any four) (a) Benefits of specialisation (b) Clarity in working relationships. (c) Optimum utilisation of resources. (d) Adaptation to change. (e) Effective administration. (e) Development of personnel. (f) Expansion and growth. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p>explanation =1 ½x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading + 1 mark for explanation =1 ½x4 =6 marks</p>	
28	29	30	<p>Q Explain any four organisational barriers to effective communication. Ans. Organisational barriers to effective communication: (Any four) (a) Organisational policy (b) Rules and regulations. (c) Status (d) Complexity in organisation structure. (e) Organisational facilities.</p> <p style="text-align: center;">OR</p> <p>Q Explain the concept of motivation and Maslow's need hierarchy theory of motivation. Ans. Motivation is the process of stimulating people to action to accomplish desired goals. <u>Maslow's need hierarchy in motivation:</u> Maslow's theory of motivation was based on human needs. He felt that within every human being there exists a hierarchy of five needs. These are: 1 <u>Basic physiological needs</u> These needs include need for food, clothing, shelter etc. The organisation satisfies these needs by giving</p>	<p>½ mark for naming the barrier + 1 mark for its explanation = 1 ½x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>1 mark for the concept + ½ mark for naming the need</p>

			<p>basic salary to the employees.</p> <p>2. <u>Safety and security needs.</u> These needs include protection from physical and emotional harm. The organisation satisfies these needs by providing job security, stability of income etc.</p> <p>3. <u>Affiliation/ belonging needs</u> These needs refer to affection, sense of belongingness etc. The organisation satisfies these needs through informal organisation and cordial relations among employees.</p> <p>4. <u>Esteem needs</u> These needs include the need for self respect, autonomy, status etc. The organisation satisfies these needs by giving job titles.</p> <p>5. <u>Self actualization needs</u> These needs refer to the drive to become what one is capable of becoming. The organisation satisfies these needs by allowing the employees to take initiative to become what they are capable of becoming.</p>	<p>+ ½ mark for its explanation = 1 x 5 = 5 marks</p> <p>=1+5 = 6 marks.</p>
29	30	27	<p>Q Explain the following functions of marketing:</p> <p>(a) Gathering and Analysing Market Information (b) Marketing Planning (c) Standardisation and grading</p> <p>Ans. (a) Gathering and Analysing Market Information:</p> <ul style="list-style-type: none"> ▪ This is necessary to <u>identify the needs of the customers</u> and take various decisions for the successful marketing of the products and services. ▪ This is important for analysing the available opportunities and threats as well as strengths and weaknesses of the organisation and help in deciding what <u>opportunities</u> can best be pursued by it. <p>(b) Marketing Planning:</p> <ul style="list-style-type: none"> ▪ This involves <u>development of marketing plans</u> to achieve the <u>marketing objectives</u> of the organisation. ▪ A marketing plan should cover various important aspects including the plan for increasing the level of production, promotion of the products, etc. and also specify the action programmes to achieve these objectives. <p>(c) Standardisation and grading:</p> <ul style="list-style-type: none"> ▪ Standardisation refers to <u>producing goods of predetermined specifications</u> which help in achieving uniformity and consistency in the output. 	<p>2 marks + 2 marks + 2 marks = 6 marks</p>

		<p>▪ Grading is the process of <u>classification of products into different groups</u> on the basis of some criteria such as quality, size etc. It helps in realising higher prices for high quality output.</p> <p style="text-align: center;">OR</p> <p>Q Explain the role of ‘Public- Relations in marketing management. Ans. <u>Role of Public Relations in marketing management:</u> (i) Smooth functioning of business. (ii) Image building (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different public groups. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p>	<p style="text-align: center;">OR</p> <p style="text-align: center;">½ mark for heading + ½ mark for explanation = 1 x 6 =6 marks</p>	
30	27	28	<p>Q Explain the concept of sales promotion and any four techniques of it with an example of each</p> <p>Ans. Sales promotion refers to use of short term incentives which are designed to encourage the buyers to make immediate purchase of a product or service. <u>Techniques of sales promotion are : (any four)</u> <u>(i) Discount:</u> It is a technique of sales promotion in which products are offered at less than list price. e.g. Ashoe company’s offer of ‘Discount up to 50%’ <u>(ii) Product Combinations:</u> It is a technique of sales promotion in which another product is offered as a gift along with the purchase of a product, e.g. Offer of a pack of ½kg of rice with the purchase of a bag of atta (wheat flour) <u>(iii) Lucky Draw</u> It is a technique of sales promotion in which a draw is taken out on purchase of a product and a gift is given to the winner. e.g. A lucky draw coupon for free petrol on purchase of certain quantity of petrol from given petrol pump. <u>(iv) Rebate</u> It is a technique of sales promotion in which products are offered at special prices.</p>	<p style="text-align: center;">2 marks for the concept</p> <p style="text-align: center;">+ ½ mark for naming the technique + ½ mark for explanation with example =1 x 4 =4 marks</p> <p style="text-align: center;">=2+4 =6 marks</p>

		<p>e. g. A car manufacturer's offer to sell a particular brand of car at a discount of Rs 10,000, for a limited period</p> <p><u>(v) Quantity gift</u> It is a technique of sales promotion in which extra quantity of the product is offered to increase sales. e. g. Ashaving cream's offer of '40% Extra'.</p> <p><u>(vi) Refund:</u> It is a technique of sales promotion in which a part of price paid by customer is returned back on presenting some proof of purchase. e. g. On return of empty foils or wrapper, get a refund of Rs. 5.</p> <p><u>(vii) Instant draw and assigned gifts</u> It is a technique of sales promotion in which assured gifts are given to the customers instantly by participating in a draw on purchase of a product. e. g. Scratch a card and win a gift.</p> <p><u>(viii) Financing:</u> It is a technique of sales promotion in which easy financing schemes are offered. e. g. '24 easy instalments or the amount to be paid as post dated cheques'.</p> <p><u>(ix) Free Samples:</u> It is a technique of sales promotion in which a free sample of a product is offered to the customer. e. g. A sachet of detergent powder to potential customers at the time of launch of a new brand.</p> <p><u>(x) Contests</u> It is a technique of sales promotion in which competitive events involving application of skills or luck are held. e. g. Slogan writing competition (If an examinee has written any other correct example, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q Explain any four factors which determine the choice of channels of distribution Ans. <u>Factors which affect the choice of channel of distribution are: (any four)</u> (a) Product related factors. (b) Company characteristics. (c) Competitive factors. (d) Market factors.</p>	<p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for the heading + 1 mark for the explanation = $1 \frac{1}{2} \times 4$ = 6 marks</p>
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			(e) Environmental factors. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)	
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Q SET No.			ADDITIONAL QUESTIONS OF SET II 66/2/2 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
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4	1	9	Q Distinguish between 'Unity of Command' and 'Unity of Direction' principles of management on the basis of 'A.M. Ans. 'Unity of Command' prevents dual	1 mark

			subordination while 'Unity of Direction' prevents overlapping of activities.	
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1	3	12	Q What is meant by 'Performance Appraisal'? Ans. Performance Appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards.	1 mark
6	4	7	Q What is the direction of flow of 'Responsibility' and 'Accountability'? Ans. Both responsibility and accountability flow upwards from subordinate to superior.	1 mark
12	5	1	Q State any one function of 'Stock exchange'. Ans. <u>Functions of a stock exchange are: (Any one)</u> (a) It provides liquidity and marketability to existing securities. (b) It helps in determining the prices of securities through the forces of demand and supply. (c) It ensures safety of transactions because it is well regulated and transactions are performed within the existing legal framework. (d) It contributes to economic growth through the process of disinvestment and reinvestment. (e) It helps in spreading of equity cult by regulating new issues and better trading practices. (f) It provides scope for healthy speculation to ensure liquidity and price continuity in the stock market. (If an examinee has only given the headings, ½ mark for each heading should be awarded.)	1 mark
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11	8	2	Q Give the meaning of 'Financial Market'. Ans. Financial Market is the market for the creation and exchange of financial assets.	1 mark
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			any flexibility or discretion Ans. Rule.	
8	10	5	Q Why is informal system of communication generally referred as the 'grapevine communication'? Ans. Informal system of communication is generally referred to as 'grapevine communication' because it spreads throughout the organisation with its branches going out in all directions in disregard to the levels of authority.	1 mark
9	11	4	Q Define 'Brand Name'. Ans. Brand Name is that part of the brand which can be spoken.	1 mark
10	12	3	Q What is meant by promotion? Ans. Promotion refers to the use of communication with the twin objectives of informing potential customers about the product and persuading them to buy it. (In case the examinee has explained 'promotion' as an internal source of recruitment, full credit should be given)	1 mark
--	13	--	Q State any three points of importance of consumer protection for the consumers. Ans. Importance of Consumer protection for consumers is due to: 1. Consumers being ignorant about their rights and reliefs available to them 2. Consumers being unorganised 3. Consumers being widely exploited by unfair trade practices. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	1 x 3 =3 marks
--	14	--	Q State the main points of three tier redressal machinery available for consumer grievances under the Consumer Protection Act. Ans. The three tier redressal machinery available for consumer grievances includes: (i) District Forum where claims do not exceed 20 lakhs. (ii) State commission where claims exceed 20 lakhs but do not exceed one crore. (iii) National commission where claims exceed one crore.	1 x 3 =3 marks
--	15	--	Q Give the meaning of both parts of Capital Market. Ans. The two parts of Capital Market are:	½ mark for naming each part

			<p>(a) <u>Primary Market</u> Primary Market is the market where new issue of securities takes place.</p> <p>(b) <u>Secondary Market</u> Secondary Market is the market for purchase and sale of existing securities.</p>	<p>+ 1 mark for its explanation =1 ½ x 2 =3 marks</p>
--	16	--	<p>Q State any three developmental functions of Securities and Exchange Board of India (SEBI). Ans. <u>Developmental functions of SEBI</u> :</p> <ol style="list-style-type: none"> 1. It trains intermediaries of the securities market. 2. It conducts research and publishing information useful to all market participants. 3. It undertakes measures to develop the capital markets by adopting a flexible approach. <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>1 x 3 =3 marks</p>
--	17	--	<p>Q Explain the concept of 'Controlling'. Why is it said that controlling should not be misunderstood as the last function of management? Ans. <u>Controlling</u> is the process of comparing the actual performance with the standards, finding out the deviation, if any and taking corrective action. <u>Controlling should not be misunderstood as the last function of management</u> as it brings the management cycle back to planning function.</p>	<p>1 ½ marks + 1 ½ marks =3 marks</p>
--	18	--	<p>Q Explain 'Measurement of Actual performance' as a step of controlling process. Ans.</p> <ul style="list-style-type: none"> ▪ Measurement of Actual performance should be done in an objective and reliable manner. ▪ Performance should be measured in the same units in which the standards are set to make comparison easier. ▪ Wherever possible, measurement should be done during performance. 	<p>3 marks</p>
21	19	20	<p>Q Explain any four factors which affect the fixed capital requirements of a company. Ans. <u>Factors which affect the fixed capital requirements of a company are: (Any four)</u></p> <p>(a) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation.</p> <p>(b) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation.</p>	<p>½ mark for heading + ½ mark for explanation =1 x 4 =4 marks</p>

			<p>(c) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(d) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(e) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p> <p>(f) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(g) <u>Collaboration</u> reduces the level of investment in fixed assets.</p>	
22	20	19	<p>Q What is meant by 'Financial Planning'? State any three points of its importance.</p> <p>Ans. 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><u>Importance of financial planning: (Any three)</u></p> <p>(i) It helps the company to <u>prepare for the future</u>.</p> <p>(ii) It helps in <u>avoiding business shocks</u> and surprises.</p> <p>(iii) It helps in <u>co-ordinating</u> various business functions.</p> <p>(iv) It helps in <u>reducing waste</u>, duplication of efforts, gaps in planning and confusion.</p> <p>(v) It <u>links the present with the future</u>.</p> <p>(vi) It <u>provides a link between investment and financial decisions</u>.</p> <p>(vii) It <u>makes evaluation easier</u> by spelling out the detailed objectives of various business segments.</p>	<p>1 mark for meaning</p> <p style="text-align: center;">+</p> <p>1 mark for each statement 1 x 3 =3 marks</p> <p style="text-align: center;">=1+3 =4 marks</p>
19	21	22	<p>Q Sahil, the director of a garments company, is planning to manufacture bags for the utilisation of waste material of one of his garments unit. He decided that this manufacturing unit will be set up in a rural area of Orissa where people have very less job opportunities and labour is available at very low rate. He also thought of giving equal opportunities to men and women. For this he selected Rehman, A Banerjee, Harpreet Kaur and Rajesh as heads of Sales, Accounts, Purchase and Production departments.</p> <p>(i) Identify and state the next two steps that Sahil has to follow in the staffing process after selecting</p>	

		<p>the above heads.</p> <p>(ii) Also identify any two values which Sahil wants to communicate to the society by setting up this manufacturing unit.</p> <p>Ans: (i) The next two steps that Sahil has to follow in the staffing process are:</p> <p><u>(a) Placement and orientation</u> <u>Placement</u> refers to occupying of position by the employee for which he has been selected. <u>Orientation</u> refers to introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.</p> <p><u>(b) Training and development</u> <u>Training</u> is the process by which the aptitudes, skills and abilities of the employees to perform specific jobs are improved. <u>Development</u> is the process by which the employees acquire skills and competencies for handling higher jobs in future. It enables the overall growth of the employee.</p> <p>(ii) <u>Values which Sahil wants to communicate to the society are: (Any two)</u></p> <p>(a) Development of backward areas. (b) Providing job opportunities in rural areas. (c) Equality. (d) Optimum utilisation of resources. (e) Secularism</p> <p>(Any other individual response with suitable justification should also be accepted even if there is no reference to the text)</p>	<p>1 ½ marks for each step =1 ½x 2 =3 marks</p> <p>+</p> <p>1 mark for each value =1 x 2 =2 marks</p> <p>=3+2 =5 marks</p>	
20	22	21	<p>Q Give the other name of ‘Long term Investment Decision’ and state any three factors which affect this decision</p> <p>Ans. Long term Investment decision is also called Capital budgeting decision or the fixed capital decision</p> <p><u>Factors which affect this decision are: (Any three)</u> <u>The following are the factors affecting the long term investment decision (any three):</u></p> <p>(a) <u>Cash flows of the project</u> during the life of an investment affect the long term investment decision. (b) The <u>rate of return of the project</u> based on expected return and the risk involved affects the long term</p>	<p>1 mark</p> <p>+</p> <p>1 mark for each statement =1 x 3 = 3 marks</p>

			<p>investment decision</p> <p>(c) The <u>investment criteria</u> involved must be considered before taking the long term investment decision</p> <p>(d) <u>Nature of business</u> as a trading concern needs lower fixed capital than a manufacturing concern since it does not require to purchase plant and machinery etc</p> <p>(e) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation</p> <p>(f) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation</p> <p>(g) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(h) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(i) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p> <p>(j) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(k) <u>Collaboration</u> reduces the level of investment in fixed assets.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	<p>=1+3 = 4 marks</p>
--	23	--	<p>Q Management seeks to achieve certain objectives. Explain these objectives.</p> <p>Ans. <u>Management</u> seeks to achieve the following objectives:</p> <p>(i) <u>Organisational objectives.</u></p> <p>(a) Survival</p> <p>(b) Profit</p> <p>(c) Growth</p> <p>(ii) <u>Social objectives.</u></p> <p>(iii) <u>Personal objectives.</u></p>	<p>½ mark for naming the main Objectives =1 ½ marks + 1 ½ mark for organisational objective + 1 mark each for social and personal objective = 1 ½+ 1 ½+ 1+1 =5 marks</p>
24	24	25	<p>Q Naniya and Aslam completed their MBA and started working in a multi-national company at</p>	

		<p>the same level. Both are working hard and are happy with their employer. Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At the time of performance appraisal the performance of Nani ta was judged better than Aslam. Even then their boss, Saleem Khan decided to promote Aslam stating that being a female Nani ta will not be able to handle the complications of a higher post.</p> <p>(i) Identify and explain the principle of management which was not followed by this multi-national company.</p> <p>(ii) Identify the values which are being ignored quoting the lines from the above para.</p> <p>Ans. (i) The principle violated is EQUITY.</p> <ul style="list-style-type: none"> ▪ It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. ▪ It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. <p>(ii) The values which are being ignored are:</p> <ul style="list-style-type: none"> - Good human behaviour because ‘Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss’. - Gender Equality because ‘Their boss decided to promote Aslam stating that being a female Nani ta will not be able to handle the complications of a higher post’. <p>(Any other individual response with suitable justification should also be accepted even if there is no reference to the text)</p>	<p>1 mark for identifying the principle</p> <p>+</p> <p>2 marks for explanation</p> <p>+</p> <p>1 mark for each value</p> <p>=1 x 2</p> <p>=2 marks)</p> <p>=1+2+2</p> <p>=5 marks</p>
25	25	24	<p>Q The Court passed an order to ban polythene bags as</p> <p>(i) These bags are creating many environmental problems which affect the life of people in general.</p> <p>(ii) Society in general is more concerned about quality of life.</p> <p>The Government decided to give subsidy to jute industry to promote this business.</p> <p>Innovative techniques are being developed to manufacture jute bags at low rates.</p>

			<p>Incomes are rising and people can afford to buy these bags.</p> <p>Identify the different dimensions of Business Environment by quoting the lines from the above particulars.</p> <p>Ans. <u>Legal environment.</u> ‘The Court passed an order to ban polythene bags.’</p> <p><u>Social environment.</u> ‘The bags are creating environmental problems which affect the life of people in general.’ ‘Society in general is more concerned about quality of life.’</p> <p><u>Political environment.</u> The government decided to give subsidy to jute industry to promote this business.’</p> <p><u>Technological environment.</u> ‘Innovative techniques are being developed to manufacture jute bags at low rates.’</p> <p><u>Economic environment.</u> ‘Incomes are rising and people can afford to buy these bags.’</p>	<p>½ mark for identification + ½ mark for quoting the line = 1 x 5 = 5 marks</p>
--	26	--	<p>Q Explain the following types of plans:</p> <p>(a) Strategy</p> <p>(b) Policy</p> <p>Ans. (a) <u>Strategy</u></p> <ul style="list-style-type: none"> ▪ A strategy is a comprehensive plan for accomplishing an organisation’s objectives. It is a term used in defence parlance which means to prepare plans considering the plan of adversary. ▪ Whenever a strategy is formulated, the business environment needs to be taken into consideration. <p>(b) <u>Policy.</u></p> <ul style="list-style-type: none"> ▪ Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives. ▪ A manager may use his discretion to interpret and apply a policy. 	<p>2½ marks + 2½ marks = 5 marks</p>
30	27	28	<p>Q Explain the concept of sales promotion and any four techniques of it with an example of each</p> <p>Ans. Sales promotion refers to use of short term incentives which are designed to encourage the buyers to make immediate purchase of a product or service.</p> <p><u>Techniques of sales promotion are : (any four)</u></p>	<p>2 marks for the concept</p>

		<p><u>(i) Discount:</u> It is a technique of sales promotion in which products are offered at less than list price. e.g. Ashoe company's offer of 'Discount up to 50%</p> <p><u>(ii) Product Combinations:</u> It is a technique of sales promotion in which another product is offered as a gift along with the purchase of a product, e.g. Offer of a pack of ½kg of rice with the purchase of a bag of atta (wheat flour)</p> <p><u>(iii) Lucky Draw</u> It is a technique of sales promotion in which a draw is taken out on purchase of a product and a gift is given to the winner. e.g. A lucky draw coupon for free petrol on purchase of certain quantity of petrol from given petrol pump.</p> <p><u>(iv) Rebate</u> It is a technique of sales promotion in which products are offered at special prices. e.g. A car manufacturer's offer to sell a particular brand of car at a discount of Rs 10,000, for a limited period</p> <p><u>(v) Quantity gift</u> It is a technique of sales promotion in which extra quantity of the product is offered to increase sales. e.g. A shaving cream's offer of '40% Extra'.</p> <p><u>(vi) Refund:</u> It is a technique of sales promotion in which a part of price paid by customer is returned back on presenting some proof of purchase. e.g. On return of empty foils or wrapper, get a refund of Rs. 5.</p> <p><u>(vii) Instant draw and assigned gifts</u> It is a technique of sales promotion in which assured gifts are given to the customers instantly by participating in a draw on purchase of a product. e.g. Scratch a card and win a gift.</p> <p><u>(viii) Financing:</u> It is a technique of sales promotion in which easy financing schemes are offered. e.g. '24 easy instalments or the amount to be paid as post dated cheques'.</p> <p><u>(ix) Free Samples:</u> It is a technique of sales promotion in which a free sample of a product is offered to the customer. e.g. A sachet of detergent powder to potential</p>	<p>+ ½ mark for naming the technique + ½ mark for explanation with example =1 x 4 =4 marks</p> <p>=2+4 =6 marks</p>
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		<p>customers at the time of launch of a new brand</p> <p>(x) <u>Contests</u> It is a technique of sales promotion in which competitive events involving application of skills or luck are held e.g. Slogan writing competition (If an examinee has written any other correct example, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q Explain any four factors which determine the choice of channels of distribution <u>Ans. Factors which affect the choice of channel of distribution are: (any four)</u> (a) Product related factors. (b) Company characteristics. (c) Competitive factors. (d) Market factors. (e) Environmental factors. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for the heading + 1 mark for the explanation = $1\frac{1}{2} \times 4$ = 6 marks</p>	
27	28	29	<p>Q Explain any four points of importance of delegation <u>Ans. Importance of delegation: (Any four)</u> (i) Effective management. (ii) Employee development. (iii) Motivation of employees. (iv) Growth facilitation (v) Better co-ordination (vi) Creation of management hierarchy. (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 of importance of organising <u>Ans. Importance of organising: (Any four)</u> (a) Benefits of specialisation (b) Clarity in working relationships. (c) Optimum utilisation of resources. (d) Adaptation to change. (e) Effective administration.</p>	<p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1\frac{1}{2} \times 4$ = 6 marks</p> <p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $(1\frac{1}{2} \times 4)$ =</p>

			<p>(e) Development of personnel. (f) Expansion and growth. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	6 marks
28	29	30	<p>Q Explain any four organisational barriers to effective communication. Ans. <u>Organisational barriers to effective communication</u>: (Any four) (a) Organisational policy (b) Rules and regulations. (c) Status (d) Complexity in organisation structure. (e) Organisational facilities.</p> <p style="text-align: center;">OR</p> <p>Q Explain the concept of motivation and Maslow's need hierarchy theory of motivation. Ans. <u>Motivation</u> is the process of stimulating people to action to accomplish desired goals. <u>Maslow's need hierarchy in motivation</u>: Maslow's theory of motivation was based on human needs. He felt that within every human being, there exists a hierarchy of five needs. These are: 1. <u>Basic physiological needs</u> These needs include need for food, clothing, shelter etc. The organisation satisfies these needs by giving basic salary to the employees. 2. <u>Safety and security needs.</u> These needs include protection from physical and emotional harm. The organisation satisfies these needs by providing job security, stability of income etc. 3. <u>Affiliation/ belonging needs</u> These needs refer to affection, sense of belongingness etc. The organisation satisfies these needs through informal organisation and cordial relations among employees. 4. <u>Esteem needs</u> These needs include the need for self respect, autonomy, status etc. The organisation satisfies these needs by giving job titles. 5. <u>Self actualization needs</u> These needs refer to the drive to become what one is capable of becoming. The organisation satisfies these</p>	<p>$\frac{1}{2}$ mark for naming the barrier + 1 mark for its explanation = $1 \frac{1}{2} \times 4$ = 6 marks OR</p> <p>1 mark for the concept + ($\frac{1}{2}$ mark for naming the need + $\frac{1}{2}$ mark for its explanation = 1×5 = 5 marks) = 1+5 = 6 marks.</p>

			needs by allowing the employees to take initiative to become what they are capable of becoming.	
29	30	27	<p>Q Explain the following functions of marketing: (a) Gathering and Analysing Market Information (b) Marketing Planning (c) Standardisation and grading Ans. (a) Gathering and Analysing Market Information:</p> <ul style="list-style-type: none"> ▪ This is necessary to <u>identify the needs of the customers</u> and take various decisions for the successful marketing of the products and services. ▪ This is important for analysing the available opportunities and threats as well as strengths and weaknesses of the organisation and help in deciding what <u>opportunities</u> can best be pursued by it. <p>(b) Marketing Planning:</p> <ul style="list-style-type: none"> ▪ This involves <u>development of marketing plans</u> to achieve the <u>marketing objectives</u> of the organisation. ▪ A marketing plan should cover various important aspects including the plan for increasing the level of production, promotion of the products, etc. and also specify the action programmes to achieve these objectives. <p>(c) Standardisation and grading:</p> <ul style="list-style-type: none"> ▪ Standardisation refers to <u>producing goods of predetermined specifications</u> which help in achieving uniformity and consistency in the output. ▪ Grading is the process of <u>classification of products into different groups</u> on the basis of some criteria such as quality, size etc. It helps in realising higher prices for high quality output. <p style="text-align: center;">OR</p> <p>Q Explain the role of 'Public-Relations in marketing management. Ans. Role of Public Relations in marketing management:</p> <ol style="list-style-type: none"> (i) Smooth functioning of business. (ii) Image building (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different 	<p>2 marks</p> <p style="text-align: center;">+</p> <p>2 marks</p> <p style="text-align: center;">+</p> <p>2 marks</p> <p style="text-align: center;">=6 marks</p> <p style="text-align: center;">OR</p> <p>1/2 mark for heading</p> <p style="text-align: center;">+</p> <p>1/2 mark for explanation</p> <p style="text-align: center;">= 1 x 6</p> <p style="text-align: center;">=6 marks</p>

		public groups. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)	
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Q SET No.			ADDITIONAL QUESTIONS OF SET III 66/2/3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/2/1	66/2/2	66/2/3		
12	5	1	<p>Q State any one function of 'Stock exchange'. Ans. Functions of a stock exchange are: (Any one)</p> <p>(a) It provides liquidity and marketability to existing securities.</p> <p>(b) It helps in determining the prices of securities through the forces of demand and supply.</p> <p>(c) It ensures safety of transactions because it is well regulated and transactions are performed within the existing legal framework.</p> <p>(d) It contributes to economic growth through the process of disinvestment and reinvestment.</p> <p>(e) It helps in spreading of equity cult by regulating new issues and better trading practices.</p> <p>(f) It provides scope for healthy speculation to ensure liquidity and price continuity in the stock market.</p> <p>(If an examinee has only given the headings, ½ mark for each heading should be awarded.)</p>	1 mark

11	8	2	<p>Q Give the meaning of ‘Financial Market’. Ans. Financial Market is the market for the creation and exchange of financial assets.</p>	1 mark
10	12	3	<p>Q What is meant by promotion? Ans. Promotion refers to the use of communication with the twin objectives of informing potential customers about the product and persuading them to buy it. (In case the examinee has explained ‘promotion’ as an internal source of recruitment, full credit should be given)</p>	1 mark
9	11	4	<p>Q Define ‘Brand Name’. Ans. Brand Name is that part of the brand which can be spoken.</p>	1 mark
8	10	5	<p>Q Why is informal system of communication generally referred as the ‘grapevine communication’? Ans. Informal system of communication is generally referred to as ‘grapevine communication’ because it spreads throughout the organisation with its branches going out in all directions in disregard to the levels of authority.</p>	1 mark
7	7	6	<p>Q Give the meaning of ‘Authoritative style’ of leadership Ans. Authoritative style of leadership is one in which a leader gives orders and insists that they are obeyed. He determines the policies for the group without consulting them.</p>	1 mark
6	4	7	<p>Q What is the direction of flow of ‘Responsibility’ and ‘Accountability’? Ans. Both responsibility and accountability flow upwards from subordinate to superior.</p>	1 mark
5	2	8	<p>Q Suggest a suitable organisation structure, for a large scale organisation having diversified activities and operations that require a high degree of specialisation Ans. Functional Structure.</p>	1 mark
4	1	9	<p>Q Distinguish between ‘Unity of Command’ and ‘Unity of Direction’ principles of management on the basis of ‘A.M.’. Ans. ‘Unity of Command’ prevents dual subordination while ‘Unity of Direction’ prevents overlapping of activities.</p>	1 mark
3	9	10	<p>Q Name the type of plan that does not allow for any flexibility or discretion Ans. Rule.</p>	1 mark

2	6	11	<p>Q Name the function of management that recognises the importance of every single person employed by an organisation</p> <p>Ans. Staffing</p>	1 mark
1	3	12	<p>Q What is meant by ‘Performance Appraisal’?</p> <p>Ans. Performance Appraisal means evaluating an employee’s current and/or past performance as against certain predetermined standards.</p>	1 mark
--	--	13	<p>Q State any three points of importance of Consumer Protection for business.</p> <p>Ans. Importance of consumer protection for business: (Any three): (i) It is in the <u>long-term interest of business</u> to satisfy their customers. (ii) It is because the <u>business uses society’s resources</u> and thus has a <u>responsibility to supply products or services which are in public interest.</u> (iii) It is because the business has <u>social responsibility</u> towards various interest groups. (iv) It is the <u>moral duty</u> of a business to take care of customer’s interest and avoid their exploitation. (v) It is required to <u>avoid government intervention.</u> (If an examinee has only given the headings, ½ mark for each heading should be awarded.)</p>	<p>1 x 3 = 3 marks</p>
--	--	14	<p>Q State any three reliefs available to a consumer if the consumer court is satisfied about the genuineness of the complaint.</p> <p>Ans. If the Consumer Court is satisfied with the genuineness of the complaint, it can issue one or more of the following directions to the aggrieved party as reliefs: (Any three) (i) To <u>remove</u> the defect in goods or the deficiency in service. (ii) To <u>replace</u> the defective product with a new one, free from any defect. (iii) To <u>refund the price</u> paid for the product. (iv) To pay a <u>reasonable amount of compensation</u> for any loss or injury suffered by the consumer due to negligence of the opposite party. (v) To pay <u>punitive damages</u> in appropriate circumstances. (vi) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future. (vii) <u>Not to offer hazardous goods for sale.</u> (viii) To <u>withdraw hazardous goods from sale.</u> (ix) To <u>cease manufacture of hazardous goods.</u></p>	<p>1 x 3 = 3 marks</p>

			<p>(x) To <u>pay any amount</u> (not less than 5% of the value of the defective goods to be credited to the <u>Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(xi) To issue corrective advertisement to neutralize the effect of misleading advertisement.</p> <p>(xii) To <u>pay adequate costs</u> to the appropriate party.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
--	--	15	<p>Q Give the meaning of both the segments of financial market.</p> <p>Ans. <u>The two segments of financial market are:</u></p> <p>(a) <u>Money market</u> Money Market is a market for short term funds which deals in monetary assets whose period of maturity is upto one year.</p> <p>(b) <u>Capital Market</u> Capital Market refers to facilities and institutional arrangements through which long term funds both debt and equity are raised and invested</p>	3 marks
--	--	16	<p>Q State any three protective functions of Securities and Exchange Board of India (SEBI).</p> <p>Ans. <u>Protective functions of Securities and Exchange Board of India are: (Any three)</u></p> <p>(a) It prohibits fraudulent and unfair trade practices.</p> <p>(b) It controls insider trading and imposes penalties for such practices.</p> <p>(c) It undertakes steps for investor protection</p> <p>(d) It promotes fair practices and code of conduct in securities market.</p> <p>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</p>	<p>1 x 3 = 3 marks</p>
--	--	17	<p>Q Explain why it is said that 'Planning' and 'Controlling' are inseparable twins of management.</p> <p>Ans. <u>Planning and controlling are inseparable twins of management because: (Any three)</u></p> <p>1. <u>Controlling</u> takes place on the basis of <u>standards developed by planning</u></p> <p>2. <u>Planning without controlling is meaningless</u> as controlling ensures that the events conform to the plans.</p> <p>3. <u>Planning prescribes</u> an appropriate course of action for achieving objectives whereas <u>controlling evaluates</u> whether decisions have been translated into desired actions, or not.</p>	3 marks

			<p>4. Planning and controlling both are forward looking.</p> <p>5. Planning and controlling are both looking back.</p> <p>(Note: If the answer covers the above points in any other form full credit should be given)</p>	
--	--	18	<p>Q Explain 'Setting Performance Standards' as a step of controlling process.</p> <p>Ans.</p> <ul style="list-style-type: none"> ▪ Standards are the criteria against which actual performance is measured. ▪ Standards can be set in both quantitative and qualitative terms. ▪ Standards should be flexible enough to be modified whenever required. 	3 marks
22	20	19	<p>Q What is meant by 'Financial Planning'? State any three points of its importance.</p> <p>Ans. The process of <u>estimating the fund requirements of a business and 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><u>Importance of financial planning: (Any three)</u></p> <p>(i) It helps the company to <u>prepare for the future.</u></p> <p>(ii) It helps in <u>avoiding business shocks</u> and surprises.</p> <p>(iii) It helps in <u>co-ordinating</u> various business functions.</p> <p>(iv) It helps in <u>reducing waste</u>, duplication of efforts, gaps in planning and confusion.</p> <p>(v) It <u>links the present with the future.</u></p> <p>(vi) It provides a <u>link between investment and financing decisions.</u></p> <p>(vii) It <u>makes evaluation easier</u> by spelling out the detailed objectives of various business segments.</p>	<p>1 mark for meaning + 1 mark for each statement 1 x 3 = 3 marks =1+3 = 4 marks</p>
21	19	20	<p>Q Explain any four factors which affect the fixed capital requirements of a company.</p> <p>Ans. <u>Factors which affect the fixed capital requirements of a company are: (Any four)</u></p> <p>(a) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation.</p> <p>(b) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation.</p>	<p>½ mark for heading + ½ mark for explanation = 1 x 4 =</p>

			<p>(c) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(d) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(e) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p> <p>(f) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(g) <u>Collaboration</u> reduces the level of investment in fixed assets.</p>	4 marks
20	22	21	<p>Q Give the other name of ‘Long term Investment Decision’ and state any three factors which affect this decision</p> <p>Ans. Long term Investment decision is also called Capital budgeting decision or the fixed capital decision</p> <p><u>Factors which affect this decision are: (Any three)</u></p> <p><u>The following are the factors affecting the long term investment decision (any three):</u></p> <p>(a) <u>Cash flows of the project</u> during the life of an investment affect the long term investment decision.</p> <p>(b) The <u>rate of return of the project</u> based on expected return and the risk involved affects the long term investment decision.</p> <p>(c) The <u>investment criteria</u> involved must be considered before taking the long term investment decision.</p> <p>(d) <u>Nature of business</u> as a trading concern needs lower fixed capital than a manufacturing concern since it does not require to purchase plant and machinery etc</p> <p>(e) <u>Scale of operations</u> as a large scale organisation requires higher investment in fixed assets than a small scale organisation.</p> <p>(f) <u>Choice of technique</u> as a capital intensive organisation requires higher investment in plant and machinery as compared to a labour intensive organisation.</p> <p>(g) <u>Technology upgradation</u> as an enterprise which upgrades its technology more often requires higher fixed capital.</p> <p>(h) <u>Growth prospects</u> as higher growth prospects require higher investment in fixed assets.</p> <p>(i) <u>Diversification</u> as an organisation which plans to diversify will require more fixed capital.</p>	<p>1 mark</p> <p>+</p> <p>1 mark for each statement =1 x 3 = 3 marks</p> <p>=1+3 = 4 marks</p>

			<p>(j) <u>Financing alternatives</u> as availability of leasing facilities may reduce the investment in fixed assets.</p> <p>(k) <u>Collaboration</u> reduces the level of investment in fixed assets.</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
19	21	22	<p>Q Sahil, the director of a garments company, is planning to manufacture bags for the utilisation of waste material of one of his garments unit. He decided that this manufacturing unit will be set up in a rural area of Orissa where people have very less job opportunities and labour is available at very low rate. He also thought of giving equal opportunities to men and women.</p> <p>For this he selected Rehman, A Banerjee, Harpreet Kaur and Rajesh as heads of Sales, Accounts, Purchase and Production departments.</p> <p>(i) Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.</p> <p>(ii) Also identify any two values which Sahil wants to communicate to the society by setting up this manufacturing unit.</p> <p>Ans: (i) The next two steps that Sahil has to follow in the staffing process are:</p> <p>(a) Placement and orientation</p> <p><u>Placement</u> refers to occupying of position by the employee for which he has been selected.</p> <p><u>Orientation</u> refers to introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.</p> <p>(b) Training and development</p> <p><u>Training</u> is the process by which the aptitudes, skills and abilities of the employees to perform specific jobs are improved.</p> <p><u>Development</u> is the process by which the employees acquire skills and competencies for handling higher jobs in future. It enables the overall growth of the employee.</p> <p>(ii) Values which Sahil wants to communicate to the society are: (Any two)</p> <p>(a) Development of backward areas.</p> <p>(b) Providing job opportunities in rural areas.</p> <p>(c) Equality.</p> <p>(d) Optimum utilisation of resources.</p>	<p>1 ½ marks for each step =1 ½x 2 =3 marks + 1 mark for each value =1 x 2 =2 marks =3+2 = 5 marks</p>

			(e) Secularism (Any other individual response with suitable justification should also be accepted even if there is no reference to the text)	
--	--	23	<p>Q Explain any five characteristics of management.</p> <p>Ans. Characteristics of management: (Any five)</p> <p>(i) Goal oriented process. (ii) Pervasive. (iii) Multidimensional. (iv) Continuous process. (v) Group activity. (vi) Dynamic function. (vii) Intangible force.</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>1/2 mark for heading + 1/2 mark for explanation 1x5 = 5 marks</p>
25	25	24	<p>Q The Court passed an order to ban polythene bags as</p> <p>(i) These bags are creating many environmental problems which affect the life of people in general. (ii) Society in general is more concerned about quality of life.</p> <p>The Government decided to give subsidy to jute industry to promote this business. Innovative techniques are being developed to manufacture jute bags at low rates. Incomes are rising and people can afford to buy these bags.</p> <p>Identify the different dimensions of Business Environment by quoting the lines from the above particulars.</p> <p>Ans. Legal environment. ‘The Court passed an order to ban polythene bags.’</p> <p>Social environment. ‘The bags are creating environmental problems which affect the life of people in general.’ ‘Society in general is more concerned about quality of life.’</p> <p>Political environment. The government decided to give subsidy to jute industry to promote this business.’</p> <p>Technological environment. ‘Innovative techniques are being developed to manufacture jute bags at low rates.’</p> <p>Economic environment. ‘Incomes are rising and people can afford to buy these</p>	<p>1/2 mark for identification + 1/2 mark for quoting the line = 1 x 5 = 5 marks</p>

			bags.’	
24	24	25	<p>Q Nani ta and Aslam completed their MBA and started working in a multi-national company at the same level. Both are working hard and are happy with their employer. Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At the time of performance appraisal the performance of Nani ta was judged better than Aslam. Even then their boss, Saleem Khan decided to promote Aslam stating that being a female Nani ta will not be able to handle the complications of a higher post.</p> <p>(i) Identify and explain the principle of management which was not followed by this multi-national company.</p> <p>(ii) Identify the values which are being ignored quoting the lines from the above para.</p> <p>Ans. (i) The principle violated is EQUITY.</p> <ul style="list-style-type: none"> ▪ It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. ▪ It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. <p>(ii) The values which are being ignored are:</p> <ul style="list-style-type: none"> - Good human behaviour because ‘Aslam had the habit of backbiting and wrong reporting about his colleagues to impress his boss’. - Gender Equality because ‘Their boss decided to promote Aslam stating that being a female Nani ta will not be able to handle the complications of a higher post’. <p>(Any other individual response with suitable justification should also be accepted even if there is no reference to the text)</p>	<p>1 mark for identifying the principle + 2 marks for explanation + 1 mark for each value (1 x 2 = 2 marks) = 1 + 2 + 2 = 5 marks</p>
--	--	26	<p>Q Explain the following types of plans:</p> <p>(a) Objective (b) Process</p> <p>Ans. (a) <u>Objective</u></p> <ul style="list-style-type: none"> ▪ An objective is the end which the management seeks to achieve. ▪ An objective needs to be expressed in specific terms and is to be achieved within a given time period. 	<p>2 marks +</p>

			<p>(b) <u>Process</u></p> <ul style="list-style-type: none"> ▪ A process details the exact manner in which any work is to be performed. ▪ It specifies the steps in a chronological order. <p>(If an examinee has explained the process of planning, due/full credit is to be given)</p>	<p>2 marks</p> <p>=4 marks</p>
29	30	27	<p>Q Explain the following functions of marketing:</p> <p>(a) Gathering and Analysing Market Information</p> <p>(b) Marketing Planning</p> <p>(c) Standardisation and grading</p> <p>Ans. (a) Gathering and Analysing Market Information:</p> <ul style="list-style-type: none"> ▪ This is necessary to <u>identify the needs of the customers</u> and take various decisions for the successful marketing of the products and services. ▪ This is important for analysing the available opportunities and threats as well as strengths and weaknesses of the organisation and help in deciding what <u>opportunities</u> can best be pursued by it. <p>(b) Marketing Planning:</p> <ul style="list-style-type: none"> ▪ This involves <u>development of marketing plans</u> to achieve the <u>marketing objectives</u> of the organisation. ▪ A marketing plan should cover various important aspects including the plan for increasing the level of production, promotion of the products, etc. and also specify the action programmes to achieve these objectives. <p>(c) Standardisation and grading:</p> <ul style="list-style-type: none"> ▪ Standardisation refers to <u>producing goods of predetermined specifications</u> which help in achieving uniformity and consistency in the output. ▪ Grading is the <u>process of classification of products into different groups</u> on the basis of some criteria such as quality, size etc. It helps in realising higher prices for high quality output. <p style="text-align: center;">OR</p> <p>Q Explain the role of 'Public- Relations in marketing management.</p> <p>Ans. <u>Role of Public Relations in marketing management:</u></p> <p>(i) Smooth functioning of business.</p> <p>(ii) Image building</p> <p>(iii) Launching new products.</p> <p>(iv) Helps in facing adverse publicity.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=6 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for explanation</p> <p>= 1 x 6</p>

			<p>(v) Supplement to advertising. (vi) Satisfying interest of different public groups. (If an examinee has not given the headings but has given the correct explanation, full credit should be given)</p>	=6 marks
30	27	28	<p>Q Explain the concept of sales promotion and any four techniques of it with an example of each Ans. Sales promotion refers to use of short term incentives which are designed to encourage the buyers to make immediate purchase of a product or service. <u>Techniques of Sales promotion are: (any four)</u> <u>(i) Discount:</u> It is a technique of sales promotion in which products are offered at less than list price. e.g. Ashoe company's offer of 'Discount up to 50%' <u>(ii) Product Combinations:</u> It is a technique of sales promotion in which another product is offered as a gift along with the purchase of a product, e.g. Offer of a pack of ½kg of rice with the purchase of a bag of atta (wheat flour) <u>(iii) Lucky Draw</u> It is a technique of sales promotion in which a draw is taken out on purchase of a product and a gift is given to the winner. e.g. A lucky draw coupon for free petrol on purchase of certain quantity of petrol from given petrol pump. <u>(iv) Rebate</u> It is a technique of sales promotion in which products are offered at special prices. e.g. A car manufacturer's offer to sell a particular brand of car at a discount of Rs 10,000, for a limited period <u>(v) Quantity gift</u> It is a technique of sales promotion in which extra quantity of the product is offered to increase sales. e.g. Ashaving cream's offer of '40% Extra'. <u>(vi) Refund:</u> It is a technique of sales promotion in which a part of price paid by customer is returned back on presenting some proof of purchase. e.g. On return of empty foils or wrapper, get a refund of Rs. 5. <u>(vii) Instant draw and assigned gifts</u> It is a technique of sales promotion in which assured gifts are given to the customers instantly by</p>	<p>2 marks for the concept</p> <p>+ ½ mark for naming the technique + ½ mark for explanation with example =1 x 4 =4 marks</p> <p>=2+4 =6 marks</p>

		<p>participating in a draw on purchase of a product. e.g. Scratch a card and win a gift.</p> <p><u>(viii) Financing:</u> It is a technique of sales promotion in which easy financing schemes are offered. e.g. '24 easy instalments or the amount to be paid as post dated cheques'.</p> <p><u>(ix) Free Samples:</u> It is a technique of sales promotion in which a free sample of a product is offered to the customer. e.g. A sachet of detergent powder to potential customers at the time of launch of a new brand.</p> <p><u>(x) Contests</u> It is a technique of sales promotion in which competitive events involving application of skills or luck are held e.g. Slogan writing competition (If an examinee has written any other correct example, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q Explain any four factors which determine the choice of channels of distribution <u>Ans. Factors which affect the choice of channel of distribution are: (any four)</u> (a) Product related factors. (b) Company characteristics. (c) Competitive factors. (d) Market factors. (e) Environmental factors. (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for the heading + 1 mark for the explanation = $1\frac{1}{2} \times 4$ = 6 marks</p>	
27	28	29	<p>Q Explain any four points of importance of delegation <u>Ans. Importance of delegation: (Any four)</u> 1) Effective management. 2) Employee development. 3) Motivation of employees. 4) Growth facilitation 5) Better co-ordination 6) Creation of management hierarchy. (if an examinee has not given the headings as above but has given the correct explanation, full</p>	<p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = $1\frac{1}{2} \times 4$ = 6 marks</p>

			<p>credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q Explain any four points of importance of organising</p> <p>Ans. Importance of organising: (Any four)</p> <p>(a) Benefits of specialisation</p> <p>(b) Clarity in working relationships.</p> <p>(c) Optimum utilisation of resources.</p> <p>(d) Adaptation to change.</p> <p>(e) Effective administration.</p> <p>(f) Expansion and growth.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)</p>	<p style="text-align: center;">OR</p> <p>$\frac{1}{2}$ mark for heading + 1 mark for explanation = (1½x4) =6 marks</p>
28	29	30	<p>Q Explain any four organisational barriers to effective communication.</p> <p>Ans. Organisational barriers to effective communication: (Any four)</p> <p>(a) Organisational policy</p> <p>(b) Rules and regulations.</p> <p>(c) Status</p> <p>(d) Complexity in organisation structure.</p> <p>(e) Organisational facilities.</p> <p style="text-align: center;">OR</p> <p>Q Explain the concept of motivation and Maslow's need hierarchy theory of motivation.</p> <p>Ans. Motivation is the process of stimulating people to action to accomplish desired goals.</p> <p><u>Maslow's need hierarchy in motivation:</u></p> <p>Maslow's theory of motivation was based on human needs. He felt that within every human being there exists a hierarchy of five needs. These are:</p> <p>1 <u>Basic physiological needs</u> These needs include need for food, clothing, shelter etc. The organisation satisfies these needs by giving basic salary to the employees.</p> <p>2. <u>Safety and security needs.</u> These needs include protection from physical and emotional harm. The organisation satisfies these needs by providing job security, stability of income etc.</p> <p>3. <u>Affiliation/ belonging needs</u> These needs refer to affection, sense of belongingness etc. The organisation satisfies these</p>	<p>$\frac{1}{2}$ mark for naming the barrier + 1 mark for its explanation = 1½x4 = 6 marks</p> <p style="text-align: center;">OR</p> <p>1 mark for the concept + $\frac{1}{2}$ mark for naming the need + $\frac{1}{2}$ mark for its explanation = 1 x 5 = 5 marks</p>

		<p>needs through informal organisation and cordial relations among employees.</p> <p>4. <u>Esteem needs</u> These needs include the need for self respect, autonomy, status etc. The organisation satisfies these needs by giving job titles.</p> <p>5. <u>Self actualization needs</u> These needs refer to the drive to become what one is capable of becoming. The organisation satisfies these needs by allowing the employees to take initiative to become what they are capable of becoming.</p>	<p>=1+5 = 6 marks</p>
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