

Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2016-17

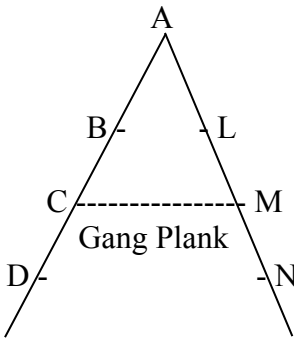
Marking Scheme---Business Studies (Foreign) 66/2/1, 66/2/2, 66/2/3.

General Instructions:

1. The marking scheme carries only suggested value points for the answer. These are only guidelines and do not constitute the complete answer. The students can have their own expression and if the expression is correct, marks be awarded accordingly.
2. Evaluation is to be done as per instructions provided in the marking scheme.
3. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.
4. If a question does not have parts, marks be awarded in the left hand margin.
5. If a candidate has attempted a question twice, marks should be given in the question attempted first and the question attempted later should be ignored with the comment 'Extra Attempt'.
6. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.
7. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.
8. Every examiner should stay upto sufficiently reasonable time normally 5-6 hours everyday and evaluate 20-25 answer books and should devote minimum 15-20 minutes to evaluate each answer book.
9. Every examiner should acquaint himself/ herself with the marking schemes of all the sets.
10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 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. 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.
14. 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.

			MARKING SCHEME – 2016-17 BUSINESS STUDIES FOREIGN – 66/2/1 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTIO N OF MARKS
66/2/ 1	66/2/ 2	66/2/3		
1	7	4	<p>Q. Define ‘Directing’ as a function of management.</p> <p>Ans. Directing means instructing, guiding, counseling, motivating and leading people in the organisation to achieve its objectives.</p> <p style="text-align: center;">(or any other correct meaning)</p>	1 mark
2	6	7	<p>Q. Differentiate between formal and informal organisation on the basis of ‘authority’.</p> <p>Ans. In a formal organisation, authority arises by virtue of position in management while in an informal organisation, authority arises out of personal qualities.</p>	1 mark
3	8	1	<p>Q. Why is ‘Trade Test’ conducted in the process of selection?</p> <p>Ans. Trade test is conducted to measure existing skills of an individual.</p>	1 mark
4	2	8	<p>Q. Vegatech Enterprises was a company manufacturing refrigerators. The company had a functional structure with four main functions—Production, Marketing, Finance and Human Resource. As the demand for the products grew, the company decided to hire more employees.</p> <p>Identify the concept which will help the Human Resource Manager in identifying the types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.</p> <p>Ans. Workload Analysis.</p>	1 mark
5	1	3	<p>Q. Whirlwind Enterprises was a renowned name for manufacturing quality washing</p>	

			<p>machines since 1965. When the profit of last year declined, Mr. Ahmed, the owner of Whirlwind Enterprises, asked the General Manager to prepare a profitability report of the company including Gross Profit Ratio, Net Profit Ratio etc. besides using other techniques to assess the company's performance. Identify the step taken by Mr. Ahmed which is related to one of the functions of management.</p> <p>Ans. Measurement of actual performance.</p>	1 mark
6	3	2	<p>Q. What is meant by 'Trading on Equity'?</p> <p>Ans. Trading on Equity means increase in profit earned by the equity shareholders due to the presence of fixed financial charges.</p> <p>(or any other correct meaning)</p>	1 mark
7	5	6	<p>Q. Varunika Ltd., a reputed truck manufacturing company, needs rupees twenty crores as additional capital to expand its business. Mr. Alind Jindal, the CEO of the company, wants to raise funds through equity. The Finance Manager, Mr. Nikhil Sachdeva, suggests that the existing shareholders be offered the privilege to subscribe to new issue of shares as per the terms and conditions of the company which was agreed by Mr. Alind Jindal.</p> <p>Name the method through which the company decided to raise additional capital.</p> <p>Ans. Rights Issue</p>	1 mark
8	4	5	<p>Q. Vanshika uses 'Kuber Cabs' for travelling in the city. She received a text message "Add ₹222 on Kaytm and get 20% cash back on having minimum ten trips till 15th April, 2017."</p> <p>Identify the technique of sales promotion used by the company.</p> <p>Ans. Refund.</p>	1 mark
9	-	-	<p>Q. Explain briefly 'Remuneration of</p>	

		<p>Employees’ and ‘Scalar Chain’ as general principles of management.</p> <p>Ans. Remuneration of employees</p> <ul style="list-style-type: none"> ▪ It states that the remuneration of employees should be just and equitable. ▪ Employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. <p>Scalar Chain:</p> <ul style="list-style-type: none"> ▪ It refers to chain of authority and communication that runs from top to bottom and should be followed by the managers and the subordinates. ▪ For example- There is one head A who has two lines of authority under him, B-C-D and L-M-N. If C has to communicate with M who is at the same level of authority, then he has to transverse the route D-C-B-A-L-M-N due to the principle of scalar chain. However, if there is an emergency, then C can directly contact M through gang plank. <div style="text-align: center;">  <p>SCALAR CHAIN</p> </div>	<p>1½ marks</p> <p>+</p> <p>1½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p>
<p>10</p>	<p>-</p>	<p>Q. State any three limitations of planning function of management.</p> <p>Ans. Limitations of planning: (Any three)</p>	

		<p>(i) <u>Leads to rigidity</u> Planning leads to rigidity because once a well defined plan is drawn, the managers may not be in a position to change it with the changed circumstances.</p> <p>(ii) <u>May not work in a dynamic environment</u> Planning may not work in a dynamic environment as the environment in which a business operates keeps on changing and planning may not foresee everything.</p> <p>(iii) <u>Reduces creativity</u> Planning reduces creativity as middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own.</p> <p>(iv) <u>Involves huge costs</u> Huge costs are involved in formulating the plans and sometimes costs incurred may not justify the benefit derived from the plan.</p> <p>(v) <u>Time consuming process</u> Planning is time consuming as checking accuracy of facts may involve lot of time and sometimes not much time is left for its implementation.</p> <p>(vi) <u>Does not guarantee success</u> Planning does not guarantee success as managers have a tendency to rely on previously tried and tested successful plans which may create a false sense of security and lead to failure.</p> <p>(If an examinee has not given the heading, no marks are to be deducted)</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 3</p> <p>=</p> <p>3 marks</p>	
11	-	-	<p>Q. Explain briefly any three psychological barriers to effective communication.</p> <p>Ans. <u>Psychological barriers of communication:</u> (Any three)</p> <p>(i) Premature evaluation</p>	<p>½ mark for the heading</p> <p>+</p>

			<p>(ii) Lack of attention. (iii) Loss by transmission and poor retention (iv) Distrust.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>½ mark for the explanation = 1 x 3 = 3 marks</p>
12	13	9	<p>Q. Microgarments Ltd. is dealing in export of garments. The performance of the company has been upto the expectations in the past. Keeping up with the latest technology, the company decided to upgrade their machinery. For this, the Finance Manager, David, estimated the quantitative requirements of funds and their timings. This will help him in linking the investment and the financing decisions on a continuous basis. So, he began with the preparation of a sales forecast for the next four years. He also collected all possible data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds within the business. For the remaining funds he is trying to find out the viable sources from outside. Identify the financial concept discussed in the above para. Also, state the objectives to be fulfilled by the financial concept, so identified.</p> <p>Ans. Concept- <u>Financial Planning</u></p> <p><u>Objectives of financial planning:</u></p> <p>(i) <u>To ensure availability of funds whenever required</u> It involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds.</p> <p>(ii) <u>To see that the firm does not raise resources</u></p>	<p>1 mark for identification + (1 mark for each objective = 1 x 2 = 2 marks) =</p>

			<p><u>unnecessarily</u> It ensures that firm does not raise resources unnecessarily as it will increase the costs and the resources will remain idle.</p>	<p>1 + 2 = 3 marks</p>
13	12	10	<p>Q. Nishtha , Vasvi and Radhika were friends from college time and now they are engaged in different types of businesses. They regularly meet and discuss their business ideas, exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques and social concerns etc.</p> <p>Nishtha, drew the attention of her friends towards the exploitation of consumers in the market . She said that the sellers were exploiting the consumers in many ways and were not paying attention towards the social, ethical and ecological aspects of marketing. Vasvi said that they were under pressure of consumer satisfaction but observed that the consumers would not buy or not buy enough unless they are adequately convinced and motivated to do the same.</p> <p>Radhika, stressed that it was the duty of the businessmen to keep consumer satisfaction in mind because business was run by the resources made available by the society. Thus, a company cannot achieve its objectives without understanding the needs of the customers.</p> <p>The thinking of the three friends were different. These thinkings were guiding the marketing efforts of their business and were known with different names. Identify these names. Also, state one more feature of each of these thinkings.</p> <p>Ans. Various types of thinking that guided the marketing efforts were:</p> <p>Nishtha Societal Marketing concept</p>	<p>½ mark for</p>

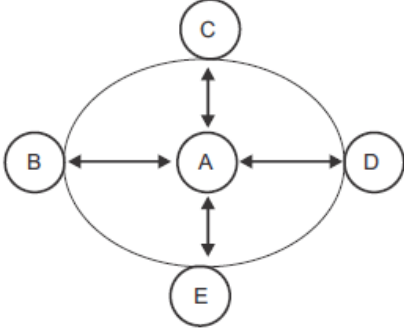
		<p><u>Feature of Societal marketing concept: (Any one)</u></p> <p>(i) It takes care of <u>long term well being of the consumers as well as the society.</u></p> <p>(ii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p> <p>(iii) Its objective is to earn <u>profits through customer satisfaction and social welfare.</u></p> <p>(iv) The marketing efforts <u>start from the identification of needs of the target market and the society.</u></p> <p>Vasvi Selling concept</p> <p><u>Feature of Selling concept: (Any one)</u></p> <p>(i) It uses <u>aggressive selling and promotional techniques</u> like advertising, personal selling and sales promotion to achieve the objective.</p> <p>(ii) It involves pushing the sale of <u>existing products.</u></p> <p>(iii) Its objective is to earn <u>profits through increased volume of sales.</u></p> <p>(iv) The marketing efforts <u>start</u> after the product is produced in the <u>factory.</u></p> <p>Radhika Marketing concept</p> <p><u>Feature of Marketing concept: (Any one)</u></p> <p>(i) It involves development of products for <u>satisfying needs</u> of the target market better than the competitors.</p> <p>(ii) Its focus is on satisfaction of customers needs.</p> <p>(iii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p>	<p>identifying each type of thinking = $\frac{1}{2} \times 3$ = 1 ½ marks</p> <p>+ $\frac{1}{2}$ mark for each feature = $\frac{1}{2} \times 3$ = 1 ½ marks = $1 \frac{1}{2} + 1 \frac{1}{2}$ = 3 marks</p>
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			(iv) The marketing efforts start from the identification of needs of the target <u>market</u> .	
14	15	15	<p>Q. Chandrika Bhattacharya is working in Olax Ltd., a company manufacturing room heaters. She is responsible for all the activities of the business and for its impact on the society. Her job demands long hours and commitment to the organisation.</p> <p>(a) Identify the level at which Chandrika Bhattacharya is working.</p> <p>(b) State three more functions required to be performed by Chandrika Bhattacharya at this level.</p> <p>Ans. <u>Top Level.</u></p> <p>Functions of the top level of management: (Any three)</p> <ol style="list-style-type: none"> 1. To co-ordinate the activities of different departments. 2. To be responsible for welfare and survival of the organisation. 3. To formulate overall organisational goals and strategies for their achievement. 4. To be responsible for all the activities of the business and for its impact on the society. 	<p>1 mark for identification</p> <p>+</p> <p>(1 mark for each function</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>
15	14	16	<p>Q. After completing his entrepreneurship course from Australia , Sanket came back to India and started a coffee shop ‘Premium Cold Coffee’ in a famous mall in Delhi. Its speciality was the special aroma of coffee and a wide variety of flavours to choose from. Somehow the business was neither profitable nor popular. Sanket was keen to find out the reason. He appointed Riya, an MBA from reputed college , as manager to find out why the business was not doing well. Riya took a feedback from the clients and found out that though they loved the unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary stoppages in between which could be eliminated. She set up a standard</p>	

			<p>time for processing the order. She also analysed that there were many flavours of coffee available for which the demand was very less. So she also decided to discontinue some of them.</p> <p>Within a short period Riya was able to attract the customers.</p> <p>Identify and explain the management techniques used by Riya to solve the problem.</p> <p>Ans. Techniques of Scientific management used by Riya to solve the problem were: (Any two)</p> <p>(i) <u>Motion Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to study the movements that are necessary for doing a well defined job. ▪ It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently. <p>(i) <u>Time Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. ▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. <p>(ii) <u>Simplification of Work</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to eliminate superfluous varieties, sizes and dimensions of products. ▪ It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs. <p>(If an examinee has written ‘Standardisation and Simplification of Work’ instead of ‘Simplification of Work’, full credit be given)</p>	<p>½ mark for identification</p> <p>+</p> <p>1½ marks for the explanation</p> <p>=</p> <p>½ + 1 ½</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>2 + 2</p> <p>=</p> <p>4 marks</p>
16	-	-	<p>Q. Give the meaning of ‘Procedure’ and ‘Method’ as types of plans.</p>	

			<p><u>Ans. Procedure</u></p> <p>It consists of sequence of routine steps performed in a chronological order to carry out activities within a broad policy framework. It details the exact manner in which any work is to be performed.</p> <p><u>Method</u></p> <p>It provides the prescribed ways or manner in which a task has to be performed considering the objective. It deals with a task comprising of one step of a procedure and specifies how this step is to be performed.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>
17	19	19	<p>Q. Explain ‘Direct Recruitment’ and ‘Advertisement’ as external sources of recruitment.</p> <p><u>Ans. Direct recruitment</u> It is a source of external recruitment in which a notice is placed on the notice-board of the enterprise specifying the details of the jobs available. Unskilled or semi-skilled job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.</p> <p><u>Advertisement:</u> It is a source of external recruitment in which vacancies are advertised in newspapers or trade and professional journals to search for qualified and experienced personnel. It gives the management a wider range of candidates from which to choose.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>
18	18	17	<p>Q. Today, the development of country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day.</p>	

			<p>These markets together help the savers and investors in allocating the available funds into their most productive investment opportunity.</p> <p>(a) Name the function being performed by the market in the above case.</p> <p>(b) Also, explain three other functions performed by this market.</p> <p>Ans. Mobilisation of savings and channeling them into the most productive uses/ Allocative function.</p> <p><u>Other functions performed by Financial market are:</u></p> <p>(i) Facilitating price determination/ discovery. (ii) Providing liquidity to financial assets. (iii) Reducing the cost of transactions.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>1 mark for identification + (½ mark for the heading + ½ mark for the explanation = 1 x 3 = 3 marks) = 1 + 3 = 4 marks</p>
19	17	18	<p>Q. Aarav Gupta was the Managing Director of KDS Ltd. The company had established a good name for itself and was doing well. It was known for timely completion of orders. The Production Manager, Ms. Charu, was efficiently handling the processing of orders with a team of twenty motivated employees working under her. Everything was going on well till Ms. Charu met with an accident. Aarav Gupta noticed that due to the absence of Ms. Charu, the company may not be able to meet the deadlines. He knew that any delay in this regard may lead to consumer dissatisfaction with the danger of loss of business and goodwill. So, he had a meeting with his employees where they planned for accurate and speedy processing of orders. Everybody agreed to work as a team as the attitude and behaviour of Aarav Gupta was very good towards the employees of the organisation. All put in extra time and efforts and the targets were met on time.</p>	

		<p>Not only this, Aarav Gupta visited Ms. Charu and advised her to take the required rest.</p> <p>(a) Identify the leadership style of Aarav Gupta and draw a diagram depicting the style.</p> <p>(b) State any two values highlighted in the behaviour of Aarav Gupta.</p> <p>Ans. (a) Leadership Style- Democratic/ Participative/ group centered.</p> <div style="text-align: center;">  </div> <p>In the above diagram, A is the leader and B, C, D and E are subordinates.</p> <p>(b) Values highlighted by the behaviour of Aarav Gupta are:</p> <p>(i) Teamwork/ Team spirit</p> <p>(ii) Good behaviour in human interaction</p> <p>(or any other correct value)</p>	<p>1 mark for identification</p> <p style="text-align: center;">+</p> <p>1 mark for the diagram</p> <p style="text-align: center;">+</p> <p>1 mark for each value</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">=</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>20</p>	<p>21</p>	<p>20</p> <p>Q. Infotech Networks Ltd. was an innovation leader in technology in Canada, creating products and solutions for a connected world. It had a large Research and Development team which invented the first smart watch, T-12, which besides showing the time would also monitor few health parameters like heart-beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of removal of unnecessary control over the economy and trade liberalisation through rationalisation of the tariff structure and reforms with respect to</p>	

			<p>foreign exchange. It set up an office in Kolkata with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduced prices thereby benefitting the customers.</p> <p>(a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.</p> <p>(b) Also, explain any three impacts of these concepts on Indian business and industry.</p> <p>Ans. (a) Two major concepts related to government policy are:</p> <p>(i) <u>Liberalisation</u> Liberalisation means removal of unnecessary controls and restrictions on business.</p> <p>(ii) <u>Globalisation</u> Globalisation means integrating the various economies of the world leading towards the emergence of a cohesive global economy.</p> <p>(b) Impact of these concepts on Indian business and industry: (Any three)</p> <p>(i) Increasing competition (ii) More demanding customers (iii) Rapidly changing technological environment (iv) Necessity for change (v) Need for developing human resources. (vi) Market orientation (vii) Loss of budgetary support to the public sector.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>(½ mark for identifying each concept + ½ mark for each explanation = 1 x 2 = 2 marks)</p> <p>+ (½ mark for the heading + ½ mark for the explanation) = 1 x 3 = 3 marks = 2+3 = 5 marks</p>
21	-	-	<p>Q. Describe the relationship between controlling and planning.</p> <p>Ans. <u>Relationship between planning and controlling: (With explanation)</u></p> <p>(i) Controlling takes place on the basis of</p>	

			<p><u>standards developed by planning</u> because if the standards are not set in advance, managers have nothing to control.</p> <p>(ii) <u>Planning without controlling is meaningless</u> because once a plan becomes operational, controlling ensures that events conform to the plans.</p> <p>(iii) <u>Planning is prescriptive</u> whereas <u>controlling is evaluative</u> because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions.</p> <p>(iv) <u>Planning and controlling both are forward looking</u> because while plans are prepared for the future, controlling seeks to improve the future on the basis of the past experience.</p> <p>(v) <u>Planning and controlling are both looking back</u> because, while planning is guided by past experiences, controlling <u>compares the actual performance with the standards</u>.</p> <p>(In case the candidate has not given the relationship in the form of points but has explained all the points in his answer, full credit be given)</p>	<p>1 mark for each correct point</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5 marks</p>
22	20	21	<p>Q. 'Helping Hands Organisation (HHO)' organised a visit of its members to an old age home to inculcate the habit of social work. They found that the living conditions of the old age home inmates were not hygienic. Therefore, they first decided to clean the premises. During their cleanliness drive, they realised that the place also required pest control. Some of the inmates of the old age home were hesitant as they thought that it may create health problems for them. So the HHO decided to use ethical, safe and odourless solution for pest control. They showed to the inmates a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The members happily agreed and the pest control was done. It worked for a fortnight but afterwards to their dismay the effect started wearing off. The HHO contacted the pest</p>	

			<p>control company which kept on postponing their visit. After waiting for a month the HHO filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.</p> <p>(a) State any six directions which could be issued by the court.</p> <p>(b) Also, identify any two values which are communicated by HHO to the society.</p> <p>Ans. (a) Directions that might have been issued by the court: (Any six)</p> <p>(i) To <u>remove the deficiency in service.</u></p> <p>(ii) To <u>refund the price paid for the service provided.</u></p> <p>(iii) To <u>pay a reasonable amount of compensation for any loss suffered by the inmates of old age home.</u></p> <p>(iv) To <u>pay punitive damages.</u></p> <p>(v) To <u>discontinue the unfair/ restrictive trade practice and not to repeat the same in future.</u></p> <p>(vi) To <u>pay any amount (not less than 5% of the value of the service provided) to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner.</u></p> <p>(vii) <u>To issue corrective advertisement to neutralize the effect of misleading pamphlet.</u></p> <p>(xii) To <u>pay adequate costs to HHO.</u></p> <p>(b) Values that are being communicated by HHO to the society are: (Any two)</p> <p>(i) Sensitivity towards the environment.</p> <p>(ii) Respect for the elderly.</p> <p>(iii) Cleanliness and hygiene.</p> <p>(iv) Concern for health of people.</p> <p>(or any other correct value)</p>	<p>(½ mark for each correct direction = ½ x 6 = 3 marks)</p> <p>+</p> <p>(1 mark for each value = 1 x 2 = 2 marks) = 3+2 = 5 marks</p>
23	24	25	<p>Q. Vinod Chandla started ‘ Sunshine Securities’ a company providing cyber security solutions to businesses to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer</p>	

		<p>and an expert in cyber security. His reputation grew by leaps and bounds as he was the person of integrity and did his work with utmost honesty and sincerity. The business started growing day-by-day.</p> <p>He was delighted when he was offered a big project by the Ministry of Corporate Affairs. While working on the project, he found that the volume of work made it impractical for him to handle all the work himself. He decided to expand his team. The company maintained a close liaison with a local engineering college. During a campus placement Anishka and Kavya were appointed to work for the new project. He found the new employees capable, enthusiastic and trustworthy. Vinod Chandla was thus able to focus on objectives and with the help Anishka and Kavya, the project was completed on time. Not only this Vinod Chandla was also able to extend his area of operations. Anishka and Kavya also got opportunities to develop and exercise initiative.</p> <p>(a) Identify and explain the concept used by Vinod Chandla in the above case which helped him in focussing on objectives.</p> <p>(b) Also, explain any three points of importance of the concept identified in part (a).</p> <p>Ans. <u>Delegation.</u></p> <p>Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.</p> <p>(or any other relevant explanation)</p> <p><u>Importance of Delegation: (Any three)</u></p> <p>(i) Effective management. (ii) Employee development. (iii) Motivation of employees. (iv) Growth facilitation. (v) Better co-ordination. (vi) Creation of management hierarchy.</p>	<p>½ mark for identification + 1 mark for explanation + ½ mark for the heading + 1 mark for the explanation =</p>
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			<p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	$1\frac{1}{2} \times 3$ $=$ $4\frac{1}{2}$ marks $=$ $\frac{1}{2} + 1 + 4\frac{1}{2}$ $=$ 6 marks
24	-	-	<p>Q. Explain any four factors that affect the fixed capital requirements of a company.</p> <p>Ans. <u>Factors affecting fixed capital requirements of a company:</u> (Any four)</p> <ol style="list-style-type: none"> 1. Nature of business. 2. Scale of operations. 3. Choice of technique. 4. Growth prospects. 5. Technology upgradation. 6. Diversification. 7. Financing alternatives. 8. Level of collaboration. <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>$\frac{1}{2}$ mark for heading $+$ 1 mark for explanation $1\frac{1}{2} \times 4$ $=$ 6 marks</p>
25	23	24	<p>Q. Helpequip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 500 units of a diabetes monitoring machine which tests the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sanjeev, the North Zone marketing head suggested that they need to visit hospitals to explain personally to the hospital staff who would be using the machine, since the machine is sophisticated. He also suggested that additional staff may also be recruited for the same. Rishu, another zonal head, was of this opinion</p>	

		<p>that since large amount of money had been spent on the purchase of the machines, additional funds were not available for recruiting the personnel as suggested by Sanjeev.</p> <p>Ankur, a newly appointed zonal head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice.</p> <p>(a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.</p> <p>(b) Also, explain the other considerations to be taken care of in each factor identified in part (a).</p> <p>Ans. (a) <u>Factors affecting choice of channels of distribution which were discussed in the meeting:</u></p> <p>(i) Product related factors (ii) Company characteristics (iii) Market related factors</p> <p>(b) Other considerations to be taken care of in each of the factors identified above are:</p> <p>(i) <u>Product related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Nature of the product. ▪ Perishability of Product. ▪ Unit value of Product. <p>(ii) <u>Company characteristics:</u></p> <ul style="list-style-type: none"> ▪ Degree of control over channel members <p>(iii) <u>Market related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Geographical concentration of potential buyers. ▪ Size of the market. 	<p>1 mark for each correct identification = 1 x 3 = 3marks</p> <p>+ ½ mark for naming other consideration + ½ mark for its explanation = 1+1+1 = 3 marks = 3 + 3 = 6 marks</p>
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SET2

			MARKING SCHEME – 2016-17 BUSINESS STUDIES FOREIGN – 66/2/2 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/2/1	66/2/2	66/2/3		
5	1	3	<p>Q. Whirlwind Enterprises was a renowned name for manufacturing quality washing machines since 1965. When the profit of last year declined, Mr. Ahmed, the owner of Whirlwind Enterprises, asked the General Manager to prepare a profitability report of the company including Gross Profit Ratio, Net Profit Ratio etc. besides using other techniques to assess the company's performance.</p> <p>Identify the step taken by Mr. Ahmed which is related to one of the functions of management.</p> <p>Ans. Measurement of actual performance.</p>	1 mark
4	2	8	<p>Q. Vegatech Enterprises was a company manufacturing refrigerators. The company had a functional structure with four main functions— Production, Marketing, Finance and Human Resource. As the demand for the products grew, the company decided to hire more employees. Identify the concept which will help the Human Resource Manager in identifying the types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.</p> <p>Ans. Workload Analysis.</p>	1 mark
6	3	2	<p>Q. What is meant by 'Trading on Equity'?</p> <p>Ans. Trading on Equity means increase in profit earned by the equity shareholders due to the presence of fixed financial charges.</p> <p style="text-align: center;">(or any other correct meaning)</p>	1 mark
8	4	5	<p>Q. Vanshika uses 'Kuber Cabs' for travelling in the city. She received a text message "Add ₹222 on Kaytm and get 20% cash back on having</p>	

			<p>minimum ten trips till 15th April, 2017.” Identify the technique of sales promotion used by the company.</p> <p>Ans. Refund.</p>	<p>1 mark</p>
7	5	6	<p>Q. Varunika Ltd., a reputed truck manufacturing company, needs rupees twenty crores as additional capital to expand its business. Mr. Alind Jindal, the CEO of the company, wants to raise funds through equity. The Finance Manager, Mr. Nikhil Sachdeva, suggests that the existing shareholders be offered the privilege to subscribe to new issue of shares as per the terms and conditions of the company which was agreed by Mr. Alind Jindal. Name the method through which the company decided to raise additional capital.</p> <p>Ans. Rights Issue</p>	<p>1 mark</p>
2	6	7	<p>Q. Differentiate between formal and informal organisation on the basis of ‘authority’.</p> <p>Ans. In a formal organisation, authority arises by virtue of position in management while in an informal organisation, authority arises out of personal qualities.</p>	<p>1 mark</p>
1	7	4	<p>Q. Define ‘Directing’ as a function of management.</p> <p>Ans. Directing means instructing, guiding, counseling, motivating and leading people in the organisation to achieve its objectives.</p> <p>(or any other correct meaning)</p>	<p>1 mark</p>
3	8	1	<p>Q. Why is ‘Trade Test’ conducted in the process of selection?</p> <p>Ans. Trade test is conducted to measure existing skills of an individual.</p>	<p>1 mark</p>
-	9	-	<p>Q. Explain briefly ‘Esprit de Corps’ and ‘Order’ as general principles of management.</p>	<p>1½ marks</p>

			<p>Ans. <u>Esprit de Corps</u></p> <ul style="list-style-type: none"> ▪ It states that management should promote a <u>team spirit</u> of unity and harmony among employees to realise organisational objectives. The manager should replace ‘I’ with ‘We’ to foster team spirit. ▪ This will give rise to a spirit of mutual trust and belongingness among team members. It will also minimise the need for using penalties. <p><u>Order</u></p> <ul style="list-style-type: none"> ▪ It states that there should be a place for everything and everyone in an organization and that thing or person should be found in its allotted place. ▪ People and materials must be in suitable places at appropriate time for maximum efficiency. 	<p style="text-align: center;">+</p> <p style="text-align: center;">1½ marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 ½ + 1 ½</p> <p style="text-align: center;">=</p> <p style="text-align: center;">3 marks</p>
-	10	-	<p>Q. State any three features of planning function of management.</p> <p>Ans. <u>Features of planning:</u> (Any three)</p> <p>(i) <u>Focuses on achieving objectives</u> It focuses on achieving organisational objectives as specific goals are set out in the plans along with the activities to be undertaken to achieve the goals.</p> <p>(ii) <u>Primary function of management</u> It is the primary function of management as it lays down the basis for all other functions of management.</p> <p>(iii) <u>Pervasive</u> It is pervasive as it is required in all organisations, at all levels and in all departments.</p> <p>(iv) <u>Continuous</u> It is continuous because a plan is framed and implemented for a specific period of time and is followed by another plan and so on.</p> <p>(v) <u>Futuristic</u> It is futuristic as it involves looking ahead and</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>preparing for the future based on forecasting which involves anticipating future events and drawing plans accordingly.</p> <p>(vi) <u>Involves decision making</u> Planning involves decision making as a manager has to make a choice from among the various alternative courses of action.</p> <p>(vii) <u>Mental exercise</u> It is a mental exercise as it is intellectual activity of thinking rather than doing requiring application of mind involving foresight, intelligent imagination and sound judgement.</p> <p>(If an examinee has not given the heading, no marks are to be deducted)</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
-	11	-	<p>Q. Explain briefly any three organisational barriers to effective communication.</p> <p>Ans. <u>Organisational barriers:</u> (Any three)</p> <p>(i) Organisational policy. (ii) Rules and regulations. (iii) Status. (iv) Complexity in organisational structure. (v) Organisational facilities.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>½ mark for the heading + ½ mark for explanation = 1 x3 = 3 marks</p>
13	12	10	<p>Q. Nishtha , Vasvi and Radhika were friends from college time and now they are engaged in different types of businesses. They regularly meet and discuss their business ideas, exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques and social concerns etc.</p> <p>Nishtha, drew the attention of her friends towards the exploitation of consumers in the market . She</p>	

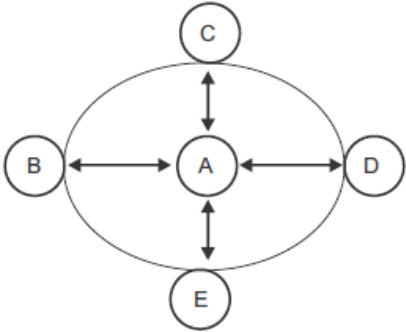
		<p>said that the sellers were exploiting the consumers in many ways and were not paying attention towards the social, ethical and ecological aspects of marketing.</p> <p>Vasvi said that they were under pressure of consumer satisfaction but observed that the consumers would not buy or not buy enough unless they are adequately convinced and motivated to do the same.</p> <p>Radhika, stressed that it was the duty of the businessmen to keep consumer satisfaction in mind because business was run by the resources made available by the society. Thus, a company cannot achieve its objectives without understanding the needs of the customers.</p> <p>The thinking of the three friends were different. These thinkings were guiding the marketing efforts of their business and were known with different names. Identify these names. Also, state one more feature of each of these thinkings.</p> <p>Ans. Various types of thinking that guided the marketing efforts were:</p> <p>Nishtha Societal Marketing concept</p> <p><u>Feature of Societal marketing concept: (Any one)</u></p> <p>(i) It takes care of <u>long term well being of the consumers as well as the society.</u></p> <p>(ii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p> <p>(iii) Its objective is to earn <u>profits through customer satisfaction and social welfare.</u></p> <p>(iv) The marketing efforts <u>start from the identification of needs of the target market and the society.</u></p> <p>Vasvi Selling concept</p> <p><u>Feature of Selling concept: (Any one)</u></p>	<p>$\frac{1}{2}$ mark for identifying each type of thinking = $\frac{1}{2} \times 3$ = 1 $\frac{1}{2}$ marks</p> <p>+ $\frac{1}{2}$ mark for each feature = $\frac{1}{2} \times 3$ = 1 $\frac{1}{2}$ marks =</p>
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			<p>(i) It uses <u>aggressive selling and promotional techniques</u> like advertising, personal selling and sales promotion to achieve the objective.</p> <p>(ii) It involves pushing the sale of <u>existing products</u>.</p> <p>(iii) Its objective is to earn <u>profits through increased volume of sales</u>.</p> <p>(iv) The marketing efforts <u>start</u> after the product is produced in the <u>factory</u>.</p> <p>Radhika Marketing concept</p> <p><u>Feature of Marketing concept: (Any one)</u></p> <p>(i) It involves development of products for <u>satisfying needs</u> of the target market better than the competitors.</p> <p>(ii) Its focus is on satisfaction of customers needs.</p> <p>(iii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p> <p>(iv) The marketing efforts <u>start from the</u> identification of needs of the target <u>market</u>.</p>	<p>$1\frac{1}{2} + 1\frac{1}{2}$ = 3 marks</p>
12	13	9	<p>Q. Microgarments Ltd. is dealing in export of garments. The performance of the company has been upto the expectations in the past. Keeping up with the latest technology, the company decided to upgrade their machinery. For this, the Finance Manager, David, estimated the quantitative requirements of funds and their timings. This will help him in linking the investment and the financing decisions on a continuous basis. So, he began with the preparation of a sales forecast for the next four years. He also collected all possible data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds within the business. For the remaining funds he is trying to find out the viable sources from outside. Identify the financial concept discussed in the above para. Also, state the objectives to be fulfilled by the financial concept, so identified.</p>	

			<p>Ans. Concept- <u>Financial Planning</u></p> <p><u>Objectives of financial planning:</u></p> <p>(i) <u>To ensure availability of funds whenever required</u> It involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds.</p> <p>(ii) <u>To see that the firm does not raise resources unnecessarily</u> It ensures that firm does not raise resources unnecessarily as it will increase the costs and the resources will remain idle.</p>	<p>1 mark for identification + (1 mark for each objective = 1 x 2 = 2 marks) = 1 + 2 = 3 marks</p>
15	14	16	<p>Q. After completing his entrepreneurship course from Australia , Sanket came back to India and started a coffee shop ‘Premium Cold Coffee’ in a famous mall in Delhi. Its speciality was the special aroma of coffee and a wide variety of flavours to choose from. Somehow the business was neither profitable nor popular. Sanket was keen to find out the reason. He appointed Riya, an MBA from reputed college , as manager to find out why the business was not doing well. Riya took a feedback from the clients and found out that though they loved the unique aroma of coffee but were not happy with the long waiting time being taken to process the order.</p> <p>She analysed and found out that there were many unnecessary stoppages in between which could be eliminated. She set up a standard time for processing the order. She also analysed that there were many flavours of coffee available for which the demand was very less. So she also decided to discontinue some of them.</p> <p>Within a short period Riya was able to attract the customers.</p> <p>Identify and explain the management techniques</p>	

			<p>used by Riya to solve the problem.</p> <p>Ans. Techniques of Scientific management used by Riya to solve the problem were: (Any two)</p> <p>(i) <u>Motion Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to study the movements that are necessary for doing a well defined job. ▪ It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently. <p>(i) <u>Time Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. ▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. <p>(ii) <u>Simplification of Work</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to eliminate <u>superfluous</u> varieties, sizes and dimensions of products. ▪ It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs. <p>(If an examinee has written ‘Standardisation and Simplification of Work’ instead of ‘Simplification of Work’, full credit be given)</p>	<p>½ mark for identification</p> <p>+</p> <p>1½ marks for the explanation</p> <p>=</p> <p>½ + 1 ½</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>2 + 2</p> <p>=</p> <p>4 marks</p>
14	15	15	<p>Q. Chandrika Bhattacharya is working in Olax Ltd., a company manufacturing room heaters. She is responsible for all the activities of the business and for its impact on the society. Her job demands long hours and commitment to the organisation.</p> <p>(a) Identify the level at which Chandrika Bhattacharya is working.</p> <p>(b) State three more functions required to be performed by Chandrika Bhattacharya at this level.</p> <p>Ans. <u>Top Level.</u></p> <p>Functions of the top level of management: (Any</p>	<p>1 mark for identification</p> <p>+</p> <p>(1 mark for</p>

			<p>three) 1. To co-ordinate the activities of different departments. 2. To be responsible for welfare and survival of the organisation. 3. To formulate overall organisational goals and strategies for their achievement. 4. To be responsible for all the activities of the business and for its impact on the society.</p>	<p>each function = 1 x 3 = 3 marks) = 1+3 = 4 marks</p>
-	16	-	<p>Q. Give the meaning of ‘Objectives’ and ‘Policy’ as types of plans.</p> <p>Ans. Objectives Objectives are the end points which are numerically expressed, that the management seeks to achieve within a given time period. These are set by the top management and focus on broad general issues. They serve as a guide for overall business planning.</p> <p>Policy Policy is a general guideline that guides thinking or channelises energies towards a particular direction. It defines the broad parameters within which a manager may function. It brings uniformity in decision making and action for interpretation of strategy.</p>	<p>2 marks + 2 marks = 2+2 = 4 marks</p>
19	17	18	<p>Q. Aarav Gupta was the Managing Director of KDS Ltd. The company had established a good name for itself and was doing well. It was known for timely completion of orders. The Production Manager, Ms. Charu, was efficiently handling the processing of orders with a team of twenty motivated employees working under her. Everything was going on well till Ms. Charu met with an accident. Aarav Gupta noticed that due to the absence of Ms. Charu, the company may not be able to meet the deadlines. He knew that any delay in this regard may lead to consumer dissatisfaction with the danger of loss of business and goodwill. So, he had a meeting with his employees where they planned for accurate and speedy processing of orders. Everybody agreed to work as a team as the attitude and behaviour of Aarav Gupta was very good towards the</p>	

		<p>employees of the organisation. All put in extra time and efforts and the targets were met on time. Not only this, Aarav Gupta visited Ms. Charu and advised her to take the required rest.</p> <p>(a) Identify the leadership style of Aarav Gupta and draw a diagram depicting the style.</p> <p>(b) State any two values highlighted in the behaviour of Aarav Gupta.</p> <p>Ans. (a) Leadership Style- Democratic/ Participative/ group centered.</p> <div style="text-align: center;">  </div> <p>In the above diagram, A is the leader and B, C, D and E are subordinates.</p> <p>(b) Values highlighted by the behaviour of Aarav Gupta are:</p> <p>(i) Teamwork/ Team spirit</p> <p>(ii) Good behaviour in human interaction</p> <p>(or any other correct value)</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for the diagram</p> <p>+</p> <p>1 mark for each value</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>(1+1+2)</p> <p>=</p> <p>4 marks</p>
18	18	<p>17</p> <p>Q. Today, the development of country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day.</p> <p>These markets together help the savers and investors in allocating the available funds into their most productive investment opportunity.</p> <p>(a) Name the function being performed by the</p>	

			<p>market in the above case. (b) Also, explain three other functions performed by this market.</p> <p>Ans. Mobilisation of savings and channeling them into the most productive uses/ Allocative function.</p> <p><u>Other functions performed by Financial market are:</u></p> <p>(i) Facilitating price determination/ discovery. (ii) Providing liquidity to financial assets. (iii) Reducing the cost of transactions.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>1 mark for identification + (½ mark for the heading + ½ mark for the explanation = 1 x 3 = 3 marks) = 1 + 3 = 4 marks</p>
17	19	19	<p>Q. Explain ‘Direct Recruitment’ and ‘Advertisement’ as external sources of recruitment.</p> <p>Ans. <u>Direct recruitment</u> It is a source of external recruitment in which a notice is placed on the notice-board of the enterprise specifying the details of the jobs available. Unskilled or semi-skilled job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.</p> <p><u>Advertisement:</u> It is a source of external recruitment in which vacancies are advertised in newspapers or trade and professional journals to search for qualified and experienced personnel. It gives the management a wider range of candidates from which to choose.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>= 2+2 = 4 marks</p>
22	20	21	<p>Q. ‘Helping Hands Organisation (HHO)’ organised a visit of its members to an old age home to inculcate the habit of social work. They found that the living conditions of the old age home inmates were not hygienic. Therefore, they first</p>	

		<p>decided to clean the premises. During their cleanliness drive, they realised that the place also required pest control. Some of the inmates of the old age home were hesitant as they thought that it may create health problems for them. So the HHO decided to use ethical, safe and odourless solution for pest control. They showed to the inmates a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The members happily agreed and the pest control was done. It worked for a fortnight but afterwards to their dismay the effect started wearing off. The HHO contacted the pest control company which kept on postponing their visit. After waiting for a month the HHO filed a case in the consumer court.</p> <p>The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.</p> <p>(a) State any six directions which could be issued by the court.</p> <p>(b) Also, identify any two values which are communicated by HHO to the society.</p> <p>Ans. (a) Directions that might have been issued by the court: (Any six)</p> <p>(i) To <u>remove the deficiency in service.</u></p> <p>(ii) To <u>refund the price paid for the service provided.</u></p> <p>(iii) To <u>pay a reasonable amount of compensation for any loss suffered by the inmates of old age home.</u></p> <p>(iv) To <u>pay punitive damages.</u></p> <p>(v) To <u>discontinue the unfair/ restrictive trade practice and not to repeat the same in future.</u></p> <p>(vi) To <u>pay any amount</u> (not less than 5% of the value of the service provided) to be credited to the <u>Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(vii) <u>To issue corrective advertisement</u> to neutralize the effect of misleading pamphlet.</p> <p>(xii) To <u>pay adequate costs to HHO.</u></p> <p>(b) <u>Values that are being communicated by HHO to the society are: (Any two)</u></p> <p>(i) Sensitivity towards the environment.</p> <p>(ii) Respect for the elderly.</p>	<p>(½ mark for each correct direction = ½ x 6 = 3 marks)</p> <p>+ (1 mark for each value = 1 x 2 = 2 marks)</p> <p>= 3+2 = 5 marks</p>
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			<p>(iii) Cleanliness and hygiene. (iv) Concern for health of people.</p> <p style="text-align: center;">(or any other correct value)</p>	
20	21	20	<p>Q. Infotech Networks Ltd. was an innovation leader in technology in Canada, creating products and solutions for a connected world. It had a large Research and Development team which invented the first smart watch, T-12, which besides showing the time would also monitor few health parameters like heart-beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of removal of unnecessary control over the economy and trade liberalisation through rationalisation of the tariff structure and reforms with respect to foreign exchange. It set up an office in Kolkata with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduced prices thereby benefitting the customers.</p> <p>(a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.</p> <p>(b) Also, explain any three impacts of these concepts on Indian business and industry.</p> <p>Ans. (a) Two major concepts related to government policy are:</p> <p>(i) <u>Liberalisation</u> Liberalisation means removal of unnecessary controls and restrictions on business.</p> <p>(ii) <u>Globalisation</u> Globalisation means integrating the various economies of the world leading towards the emergence of a cohesive global economy.</p> <p>(b) <u>Impact of these concepts on Indian business and industry: (Any three)</u></p>	<p>(½ mark for identifying each concept + ½ mark for each explanation = 1 x 2 = 2 marks)</p> <p>+ (½ mark for</p>

			<p>(i) Increasing competition (ii) More demanding customers (iii) Rapidly changing technological environment (iv) Necessity for change (v) Need for developing human resources. (vi) Market orientation (vii) Loss of budgetary support to the public sector.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>the heading + $\frac{1}{2}$ mark for the explanation) = 1 x 3 = 3 marks = 2+3 = 5 marks</p>
-	22	-	<p>Q. State any five points of importance of controlling function of management.</p> <p>Ans. Importance of controlling (any five):</p> <p>(a) <u>Accomplishing organisational goals</u> It helps in accomplishing organisational goals by bringing to light, deviations if any and indicating corrective action.</p> <p>(b) <u>Making efficient use of resources</u> It helps in making efficient use of resources by ensuring that each activity is performed in accordance with pre-determined standards.</p> <p>(c) <u>Ensuring order and discipline</u> It ensures order and discipline among employees by keeping a close check on their activities.</p> <p>(d) <u>Improving employee motivation</u> It improves employee motivation as the employees' know well in advance the standards of performance on the basis of which they will be appraised.</p> <p>(e) <u>Judging accuracy of standards</u> It helps in judging accuracy of standards in the light of changes taking place in the organisation and in the environment.</p> <p>(f) <u>Facilitating coordination in action</u> It facilitates coordination in action as each employee and department in governed by pre-determined</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5 marks</p>

			<p>standards which are well coordinated with one another.</p> <p>(If an examinee has not given the heading, no marks are to be deducted)</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p>	
25	23	24	<p>Q. Helpequip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 500 units of a diabetes monitoring machine which tests the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sanjeev, the North Zone marketing head suggested that they need to visit hospitals to explain personally to the hospital staff who would be using the machine, since the machine is sophisticated. He also suggested that additional staff may also be recruited for the same.</p> <p>Rishu, another zonal head, was of this opinion that since large amount of money had been spent on the purchase of the machines, additional funds were not available for recruiting the personnel as suggested by Sanjeev.</p> <p>Ankur, a newly appointed zonal head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice.</p> <p>(a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.</p> <p>(b) Also, explain the other considerations to be taken care of in each factor identified in part (a).</p> <p>Ans. (a) <u>Factors affecting choice of channels of distribution which were discussed in the meeting:</u></p> <p>(i) Product related factors</p> <p>(ii) Company characteristics</p> <p>(iii) Market related factors</p> <p>(b) Other considerations to be taken care of in each of</p>	<p>1 mark for each correct identification</p> <p>=</p> <p>1 x 3</p> <p>=</p>

			<p>the factors identified above are:</p> <p>(i) <u>Product related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Nature of the product. ▪ Perishability of Product. ▪ Unit value of Product. <p>(ii) <u>Company characteristics:</u></p> <ul style="list-style-type: none"> ▪ Degree of control over channel members <p>(iii) <u>Market related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Geographical concentration of potential buyers. ▪ Size of the market. 	<p>3marks</p> <p>+</p> <p>½ mark for naming other consideration</p> <p>+</p> <p>½ mark for its explanation</p> <p>=</p> <p>1+1+1</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>3 +3</p> <p>=</p> <p>6 marks</p>
23	24	25	<p>Q. Vinod Chandla started ‘ Sunshine Securities’ a company providing cyber security solutions to businesses to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was the person of integrity and did his work with utmost honesty and sincerity. The business started growing day-by-day. He was delighted when he was offered a big project by the Ministry of Corporate Affairs. While working on the project, he found that the volume of work made it impractical for him to handle all the work himself. He decided to expand his team. The company maintained a close liaison with a local engineering college. During a campus placement Anishka and Kavya were appointed to work for the new project. He found the new employees capable, enthusiastic and trustworthy. Vinod Chandla was thus able to focus on objectives and with the help Anishka and Kavya, the project was completed on time. Not only this Vinod Chandla was also able to extend his area of operations. Anishka and Kavya also got opportunities to develop and exercise initiative.</p> <p>(a) Identify and explain the concept used by Vinod Chandla in the above case which helped him in</p>	

		<p>focussing on objectives. (b) Also, explain any three points of importance of the concept identified in part (a).</p> <p>Ans. <u>Delegation.</u></p> <p>Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.</p> <p>(or any other relevant explanation)</p> <p><u>Importance of Delegation: (Any three)</u> (i) Effective management. (ii) Employee development. (iii) Motivation of employees. (iv) Growth facilitation. (v) Better co-ordination. (vi) Creation of management hierarchy.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>½ mark for identification + 1 mark for explanation + ½ mark for the heading + 1 mark for the explanation = 1 ½ x 3 = 4 ½ marks = ½ + 1 + 4 ½ = 6 marks</p>	
-	25	-	<p>Q. Explain any four factors that affect the working capital requirements of a Company. Ans. <u>Factors affecting requirements of working capital (any four):</u> 1. Nature of Business 2. Scale of Operations 3. Business Cycle 4. Seasonal Factors 5. Production Cycle 6. Credit Allowed 7. Credit Availed 8. Operating Efficiency</p>	<p>½ mark for heading + 1 mark for explanation 1 ½ x 4 = 6marks</p>

			<p>9. Availability of Raw Material 10. Growth Prospects 11. Level of Competition 12. Inflation</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	
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SET 3

			MARKING SCHEME – 2016-17 BUSINESS STUDIES FOREIGN– 66/2/3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
66/2/ 1	66/2/ 2	66/2/3		
3	8	1	<p>Q. Why is ‘Trade Test’ conducted in the process of selection?</p> <p>Ans. Trade test is conducted to measure existing skills of an individual.</p>	1 mark
6	3	2	<p>Q. What is meant by ‘Trading on Equity’?</p> <p>Ans. Trading on Equity means increase in profit earned by the equity shareholders due to the presence of fixed financial charges.</p> <p style="text-align: center;">(or any other correct meaning)</p>	1 mark
5	1	3	<p>Q. Whirlwind Enterprises was a renowned name for manufacturing quality washing machines since 1965. When the profit of last year declined, Mr. Ahmed, the owner of Whirlwind Enterprises, asked the General Manager to prepare a profitability report of the company including Gross Profit Ratio, Net Profit Ratio etc. besides using other techniques to assess the company’s performance. Identify the step taken by Mr. Ahmed which is related to one of the functions of management.</p> <p>Ans. Measurement of actual performance.</p>	1 mark

1	7	4	<p>Q. Define ‘Directing’ as a function of management.</p> <p>Ans. Directing means instructing, guiding, counseling, motivating and leading people in the organisation to achieve its objectives.</p> <p>(or any other correct meaning)</p>	1 mark
8	4	5	<p>Q. Vanshika uses ‘Kuber Cabs ’for travelling in the city. She received a text message “Add ₹222 on Kaytm and get 20% cash back on having minimum ten trips till 15th April, 2017.” Identify the technique of sales promotion used by the company.</p> <p>Ans. Refund.</p>	1 mark
7	5	6	<p>Q. Varunica Ltd., a reputed truck manufacturing company, needs rupees twenty crores as additional capital to expand its business. Mr.Alind Jindal, the CEO of the company, wants to raise funds through equity. The Finance Manager, Mr. Nikhil Sachdeva, suggests that the existing shareholders be offered the privilege to subscribe to new issue of shares as per the terms and conditions of the company which was agreed by Mr.Alind Jindal.</p> <p>Name the method through which the company decided to raise additional capital.</p> <p>Ans. Rights Issue</p>	1 mark
2	6	7	<p>Q. Differentiate between formal and informal organisation on the basis of ‘authority’.</p> <p>Ans. In a formal organisation, authority arises by virtue of position in management while in an informal organisation, authority arises out of personal qualities.</p>	1 mark
4	2	8	<p>Q. Vegatech Enterprises was a company manufacturing refrigerators. The company had a functional structure with four main</p>	

			<p>functions—Production, Marketing, Finance and Human Resource. As the demand for the products grew, the company decided to hire more employees.</p> <p>Identify the concept which will help the Human Resource Manager in identifying the types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives.</p> <p>Ans. Workload Analysis.</p>	1 mark
12	13	9	<p>Q. Microgarments Ltd. is dealing in export of garments. The performance of the company has been upto the expectations in the past. Keeping up with the latest technology, the company decided to upgrade their machinery. For this, the Finance Manager, David, estimated the quantitative requirements of funds and their timings. This will help him in linking the investment and the financing decisions on a continuous basis.</p> <p>So, he began with the preparation of a sales forecast for the next four years. He also collected all possible data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds within the business. For the remaining funds he is trying to find out the viable sources from outside.</p> <p>Identify the financial concept discussed in the above para. Also, state the objectives to be fulfilled by the financial concept, so identified.</p> <p>Ans. Concept- <u>Financial Planning</u></p> <p><u>Objectives of financial planning:</u></p> <p>(i) <u>To ensure availability of funds whenever required</u> It involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds.</p> <p>(ii) <u>To see that the firm does not raise resources unnecessarily</u></p>	<p>1 mark for identification + (1 mark for each objective = 1 x 2 = 2 marks) = 1 + 2</p>

			It ensures that firm does not raise resources unnecessarily as it will increase the costs and the resources will remain idle.	= 3 marks
13	12	10	<p>Q. Nishtha , Vasvi and Radhika were friends from college time and now they are engaged in different types of businesses. They regularly meet and discuss their business ideas, exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques and social concerns etc.</p> <p>Nishtha, drew the attention of her friends towards the exploitation of consumers in the market . She said that the sellers were exploiting the consumers in many ways and were not paying attention towards the social, ethical and ecological aspects of marketing. Vasvi said that they were under pressure of consumer satisfaction but observed that the consumers would not buy or not buy enough unless they are adequately convinced and motivated to do the same.</p> <p>Radhika, stressed that it was the duty of the businessmen to keep consumer satisfaction in mind because business was run by the resources made available by the society. Thus, a company cannot achieve its objectives without understanding the needs of the customers.</p> <p>The thinking of the three friends were different. These thinkings were guiding the marketing efforts of their business and were known with different names. Identify these names. Also, state one more feature of each of these thinkings.</p> <p>Ans. Various types of thinking that guided the marketing efforts were:</p> <p>Nishtha Societal Marketing concept</p>	½ mark for identifying

		<p><u>Feature of Societal marketing concept: (Any one)</u></p> <p>(i) It takes care of <u>long term well being of the consumers as well as the society.</u></p> <p>(ii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p> <p>(iii) Its objective is to earn <u>profits through customer satisfaction and social welfare.</u></p> <p>(iv) The marketing efforts <u>start from the identification of needs of the target market and the society.</u></p> <p>Vasvi Selling concept</p> <p><u>Feature of Selling concept: (Any one)</u></p> <p>(i) It uses <u>aggressive selling and promotional techniques</u> like advertising, personal selling and sales promotion to achieve the objective.</p> <p>(ii) It involves pushing the sale of <u>existing products.</u></p> <p>(iii) Its objective is to earn <u>profits through increased volume of sales.</u></p> <p>(iv) The marketing efforts <u>start</u> after the product is produced in the <u>factory.</u></p> <p>Radhika Marketing concept</p> <p><u>Feature of Marketing concept: (Any one)</u></p> <p>(i) It involves development of products for <u>satisfying needs</u> of the target market better than the competitors.</p> <p>(ii) Its focus is on satisfaction of customers needs.</p> <p>(iii) It uses <u>integrated marketing</u> as a means to achieve the objective.</p> <p>(iv) The marketing efforts start from the</p>	<p>each type of thinking = $\frac{1}{2} \times 3$ = 1 ½ marks</p> <p>+ ½ mark for each feature = $\frac{1}{2} \times 3$ = 1 ½ marks = 1 ½ + 1 ½ = 3 marks</p>
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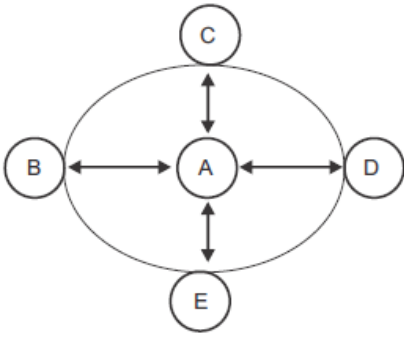
			identification of needs of the target <u>market</u> .	
-	-	11	<p>Q. Explain briefly ‘Discipline’ and ‘Unity of Command’ as general principles of management.</p> <p>Ans. Discipline</p> <ul style="list-style-type: none"> ▪ Meaning: It is the obedience to organizational rules and employment agreement necessary for the working of the organization by both workers and management. ▪ It requires good superiors at all levels, clear and fair agreements and judicious application of penalties. <p><u>Unity of command</u></p> <ul style="list-style-type: none"> ▪ <u>Meaning:</u> The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior. ▪ It prevents confusion regarding tasks to be done. 	<p>1½ marks</p> <p>+</p> <p>1½ marks</p> <p>=</p> <p>1 ½ + 1 ½</p> <p>=</p> <p>3 marks</p>
-	-	12	<p>Q. State any three points of importance of planning function of management.</p> <p>Ans.</p> <p>Ans. Importance of <u>planning</u> (any three):</p> <p>(i) <u>Provides directions</u> Planning provides directions by deciding in advance what action should be taken.</p> <p>(ii) <u>Reduces the risks of uncertainty</u> Planning reduces the risks of uncertainty by anticipating changes and developing managerial responses to them.</p> <p>(iii) <u>Reduces overlapping and wasteful activities</u> Planning reduces overlapping and wasteful activities by coordinating the activities of different divisions.</p> <p>(iv) <u>Promotes innovative ideas</u> Planning promotes innovative ideas requiring</p>	<p>1 mark for each statement</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p>

			<p>application of mind and foresight.</p> <p>(v) <u>Facilitates decision making</u> Planning facilitates decision making by making a choice from among the alternative courses of action.</p> <p>(vi) <u>Establishes standards for controlling</u> Planning establishes standards against which actual performance is measured.</p> <p>(If an examinee has not written the headings, no mark should be deducted.)</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded.)</p>	
-	-	13	<p>Q. Explain briefly any three personal barriers to effective communication.</p> <p><u>Ans. Personal barriers to effective communication are: (Any three)</u></p> <p>(i) Fear of challenge to authority. (ii) Lack of confidence of superior on his subordinates. (iii) Unwillingness to communicate. (iv) Lack of proper incentives.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>½ mark for the heading + 1/2 mark for explanation = 1 x3 = 3 marks</p>
-	-	14	<p>Q. Give the meaning of ‘Budget’ and ‘Strategy’ as types of plans.</p> <p>Ans.</p> <p><u>Budget</u> A budget is a statement of expected results for a given future period expressed in numerical terms from where deviations can be taken care of. It is a fundamental planning instrument as making a budget involves forecasting.</p> <p><u>Strategy</u> A strategy is a comprehensive plan for accomplishing an organisation’s objectives taking</p>	<p>2 marks + 2 marks = 2+2 = 4 marks</p>

			business environment into consideration. It provides broad contours of an organisation's business and refers to future decisions defining the organisation's direction and scope in the long run.	
14	15	15	<p>Q. Chandrika Bhattacharya is working in Olax Ltd., a company manufacturing room heaters. She is responsible for all the activities of the business and for its impact on the society. Her job demands long hours and commitment to the organisation.</p> <p>(a) Identify the level at which Chandrika Bhattacharya is working.</p> <p>(b) State three more functions required to be performed by Chandrika Bhattacharya at this level.</p> <p>Ans. <u>Top Level.</u></p> <p><u>Functions of the top level of management: (Any three)</u></p> <ol style="list-style-type: none"> 1. To co-ordinate the activities of different departments. 2. To be responsible for welfare and survival of the organisation. 3. To formulate overall organisational goals and strategies for their achievement. 4. To be responsible for all the activities of the business and for its impact on the society. 	<p>1 mark for identification</p> <p>+</p> <p>(1 mark for each function</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>
15	14	16	<p>Q. After completing his entrepreneurship course from Australia , Sanket came back to India and started a coffee shop 'Premium Cold Coffee' in a famous mall in Delhi. Its speciality was the special aroma of coffee and a wide variety of flavours to choose from. Somehow the business was neither profitable nor popular. Sanket was keen to find out the reason. He appointed Riya, an MBA from reputed college , as manager to find out why the business was not doing well. Riya took a feedback from the clients and found out that though they loved the unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were</p>	

		<p>many unnecessary stoppages in between which could be eliminated. She set up a standard time for processing the order. She also analysed that there were many flavours of coffee available for which the demand was very less. So she also decided to discontinue some of them.</p> <p>Within a short period Riya was able to attract the customers.</p> <p>Identify and explain the management techniques used by Riya to solve the problem.</p> <p>Ans. Techniques of Scientific management used by Riya to solve the problem were: (Any two)</p> <p>(i) <u>Motion Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to study the movements that are necessary for doing a well defined job. ▪ It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently. <p>(i) <u>Time Study</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. ▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. <p>(ii) <u>Simplification of Work</u></p> <ul style="list-style-type: none"> ▪ Meaning: It is a technique to eliminate <u>superfluous</u> varieties, sizes and dimensions of products. ▪ It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs. <p>(If an examinee has written ‘Standardisation and Simplification of Work’ instead of ‘Simplification of Work’, full credit be given)</p>	<p>½ mark for identification</p> <p>+</p> <p>1½ marks for the explanation</p> <p>=</p> <p>½ + 1 ½</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>2 + 2</p> <p>=</p> <p>4 marks</p>
18	18	17	Q. Today, the development of country is also

			<p>judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in allocating the available funds into their most productive investment opportunity.</p> <p>(a) Name the function being performed by the market in the above case.</p> <p>(b) Also, explain three other functions performed by this market.</p> <p>Ans. Mobilisation of savings and channeling them into the most productive uses/ Allocative function.</p> <p><u>Other functions performed by Financial market are:</u></p> <p>(i) Facilitating price determination/ discovery. (ii) Providing liquidity to financial assets. (iii) Reducing the cost of transactions.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>1 mark for identification + (½ mark for the heading + ½ mark for the explanation = 1 x 3 = 3 marks) = 1 + 3 = 4 marks</p>
19	17	18	<p>Q. Aarav Gupta was the Managing Director of KDS Ltd. The company had established a good name for itself and was doing well. It was known for timely completion of orders. The Production Manager, Ms. Charu, was efficiently handling the processing of orders with a team of twenty motivated employees working under her. Everything was going on well till Ms. Charu met with an accident. Aarav Gupta noticed that due to the absence of Ms. Charu, the company may not be able to meet the deadlines. He knew that any delay in this regard may lead to consumer dissatisfaction with the danger of loss of business and</p>	

		<p>goodwill. So, he had a meeting with his employees where they planned for accurate and speedy processing of orders. Everybody agreed to work as a team as the attitude and behaviour of Aarav Gupta was very good towards the employees of the organisation. All put in extra time and efforts and the targets were met on time.</p> <p>Not only this, Aarav Gupta visited Ms. Charu and advised her to take the required rest.</p> <p>(a) Identify the leadership style of Aarav Gupta and draw a diagram depicting the style.</p> <p>(b) State any two values highlighted in the behaviour of Aarav Gupta.</p> <p>Ans. (a) Leadership Style- Democratic/ Participative/ group centered.</p> <div style="text-align: center;">  </div> <p>In the above diagram, A is the leader and B, C, D and E are subordinates.</p> <p>(b) Values highlighted by the behaviour of Aarav Gupta are:</p> <p>(i) Teamwork/ Team spirit</p> <p>(ii) Good behaviour in human interaction</p> <p style="text-align: center;">(or any other correct value)</p>	<p>1 mark for identification</p> <p style="text-align: center;">+</p> <p>1 mark for the diagram</p> <p style="text-align: center;">+</p> <p>1 mark for each value</p> <p style="text-align: center;">=</p> <p style="text-align: center;">1 x 2</p> <p style="text-align: center;">=</p> <p>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>4 marks</p>
<p>17</p>	<p>19</p>	<p>19</p> <p>Q. Explain ‘Direct Recruitment’ and ‘Advertisement’ as external sources of recruitment.</p> <p>Ans. <u>Direct recruitment</u> It is a source of external recruitment in which a notice is placed on the notice-board of the</p>	

			<p>enterprise specifying the details of the jobs available. Unskilled or semi-skilled job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.</p> <p><u>Advertisement:</u> It is a source of external recruitment in which vacancies are advertised in newspapers or trade and professional journals to search for qualified and experienced personnel. It gives the management a wider range of candidates from which to choose.</p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>
20	21	20	<p>Q. Infotech Networks Ltd. was an innovation leader in technology in Canada, creating products and solutions for a connected world. It had a large Research and Development team which invented the first smart watch, T-12, which besides showing the time would also monitor few health parameters like heart-beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of removal of unnecessary control over the economy and trade liberalisation through rationalisation of the tariff structure and reforms with respect to foreign exchange. It set up an office in Kolkata with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduced prices thereby benefitting the customers.</p> <p>(a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.</p> <p>(b) Also, explain any three impacts of these concepts on Indian business and industry.</p> <p>Ans. (a) Two major concepts related to government policy are:</p>	<p>(½ mark for identifying each concept</p> <p>+</p> <p>½ mark for</p>

			<p>(i) <u>Liberalisation</u> Liberalisation means removal of unnecessary controls and restrictions on business.</p> <p>(ii) <u>Globalisation</u> Globalisation means integrating the various economies of the world leading towards the emergence of a cohesive global economy.</p> <p>(b) <u>Impact of these concepts on Indian business and industry: (Any three)</u></p> <p>(i) Increasing competition (ii) More demanding customers (iii) Rapidly changing technological environment (iv) Necessity for change (v) Need for developing human resources. (vi) Market orientation (vii) Loss of budgetary support to the public sector.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>each explanation = 1 x 2 = 2 marks)</p> <p>+</p> <p>(½ mark for the heading + ½ mark for the explanation) = 1 x 3 = 3 marks = 2+3 = 5 marks</p>
22	20	21	<p>Q. 'Helping Hands Organisation (HHO)' organised a visit of its members to an old age home to inculcate the habit of social work. They found that the living conditions of the old age home inmates were not hygienic. Therefore, they first decided to clean the premises. During their cleanliness drive, they realised that the place also required pest control. Some of the inmates of the old age home were hesitant as they thought that it may create health problems for them. So the HHO decided to use ethical, safe and odourless solution for pest control. They showed to the inmates a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The members happily agreed and the pest control was done. It worked for a fortnight but afterwards to their dismay the effect started wearing off. The HHO contacted the pest control company which kept on postponing their visit. After waiting for a month the HHO</p>	

			<p>filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company. (a) State any six directions which could be issued by the court. (b) Also, identify any two values which are communicated by HHO to the society.</p> <p>Ans. (a) Directions that might have been issued by the court: (Any six) (i) To <u>remove the deficiency in service.</u> (ii) To <u>refund the price paid for the service provided.</u> (iii) To <u>pay a reasonable amount of compensation for any loss suffered by the inmates of old age home.</u> (iv) To <u>pay punitive damages.</u> (v) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future. (vi) To <u>pay any amount</u> (not less than 5% of the value of the service provided) to be credited <u>to the Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner. (vii) To <u>issue corrective advertisement</u> to neutralize the effect of misleading pamphlet. (xii) To <u>pay adequate costs</u> to HHO.</p> <p>(b) <u>Values that are being communicated by HHO to the society are: (Any two)</u> (i) Sensitivity towards the environment. (ii) Respect for the elderly. (iii) Cleanliness and hygiene. (iv) Concern for health of people.</p> <p>(or any other correct value)</p>	<p>(½ mark for each correct direction = $\frac{1}{2} \times 6$ = 3 marks)</p> <p>+</p> <p>(1 mark for each value = 1×2 = 2 marks)</p> <p>= 3+2 = 5 marks</p>
21	22	22	<p>Q. State the steps in the controlling process.</p> <p>Ans. Steps in the controlling process are: (i) <u>Setting performance standards</u> The standards of performance are set which serve as the criteria against which actual performance will be measured.</p>	

			<p>(ii) <u>Measurement of actual performance</u> Actual performance is measured in an objective and reliable manner in the same units in which standards are set.</p> <p>(iii) <u>Comparing actual performance with the standards</u> Actual performance is compared with the standards to find out the deviation.</p> <p>(iv) <u>Analysing deviations</u> Deviations are analysed for their causes through Critical Point Control and Management by Exception.</p> <p>(v) <u>Taking corrective action</u> Corrective action is taken if deviations go beyond the acceptable limits.</p> <p>(If an examinee has not given the heading, no marks are to be deducted)</p> <p>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</p> <p>(If the examinee has not written the steps in the correct sequence, ½ mark may be deducted)</p>	<p>1 mark for each correct step</p> <p>=</p> <p>1 x 5</p> <p>=</p> <p>5 marks</p>
-	-	23	<p>Q. Explain any four factors that affect the choice of capital structure of a company.</p> <p><u>Ans. Following are the factors affecting the choice of capital structure of a company: (any four)</u></p> <p>(i) Cash flow position (ii) Interest coverage ratio (iii) Debt service coverage Ratio (iv) Return on Investment (v) Cost of debt (vi) Tax rate (vii) Cost of equity (viii) Floatation costs (ix) Fixed operating costs (x) Risk consideration (xi) Flexibility (xii) Control (xiii) Regulatory framework (xiv) Stock market conditions (xv) Capital structure of other companies</p>	<p>½ mark for the heading</p> <p>+</p> <p>1 mark for the explanation</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>

			(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)	
25	23	24	<p>Q. Helpequip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 500 units of a diabetes monitoring machine which tests the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sanjeev, the North Zone marketing head suggested that they need to visit hospitals to explain personally to the hospital staff who would be using the machine, since the machine is sophisticated. He also suggested that additional staff may also be recruited for the same.</p> <p>Rishu, another zonal head, was of this opinion that since large amount of money had been spent on the purchase of the machines, additional funds were not available for recruiting the personnel as suggested by Sanjeev.</p> <p>Ankur, a newly appointed zonal head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice.</p> <p>(a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.</p> <p>(b) Also, explain the other considerations to be taken care of in each factor identified in part (a).</p> <p>Ans. (a) <u>Factors affecting choice of channels of distribution which were discussed in the meeting:</u></p> <p>(i) Product related factors</p> <p>(ii) Company characteristics</p> <p>(iii) Market related factors</p> <p>(b) Other considerations to be taken care of in each of the factors identified above are:</p>	<p>1 mark for each correct identification</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3marks</p> <p>+</p> <p>½ mark for naming other consideration</p>

			<p>(i) <u>Product related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Nature of the product. ▪ Perishability of Product. ▪ Unit value of Product. <p>(ii) <u>Company characteristics:</u></p> <ul style="list-style-type: none"> ▪ Degree of control over channel members <p>(iii) <u>Market related factors: (Any one)</u></p> <ul style="list-style-type: none"> ▪ Geographical concentration of potential buyers. ▪ Size of the market. 	<p>+ $\frac{1}{2}$ mark for its explanation = 1+1+1 = 3 marks = 3 +3 = 6 marks</p>
23	24	25	<p>Q. Vinod Chandla started ‘ Sunshine Securities’ a company providing cyber security solutions to businesses to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was the person of integrity and did his work with utmost honesty and sincerity. The business started growing day-by-day. He was delighted when he was offered a big project by the Ministry of Corporate Affairs. While working on the project, he found that the volume of work made it impractical for him to handle all the work himself. He decided to expand his team. The company maintained a close liaison with a local engineering college. During a campus placement Anishka and Kavya were appointed to work for the new project. He found the new employees capable, enthusiastic and trustworthy. Vinod Chandla was thus able to focus on objectives and with the help Anishka and Kavya, the project was completed on time. Not only this Vinod Chandla was also able to extend his area of operations. Anishka and Kavya also got opportunities to develop and exercise initiative.</p> <p>(a) Identify and explain the concept used by Vinod Chandla in the above case which helped him in focussing on objectives.</p> <p>(b) Also, explain any three points of importance of the concept identified in part (a).</p>	<p>$\frac{1}{2}$ mark for identification +</p>

		<p>Ans. <u>Delegation.</u></p> <p>Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.</p> <p style="text-align: center;">(or any other relevant explanation)</p> <p><u>Importance of Delegation: (Any three)</u></p> <p>(i) Effective management. (ii) Employee development. (iii) Motivation of employees. (iv) Growth facilitation. (v) Better co-ordination. (vi) Creation of management hierarchy.</p> <p>(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted)</p>	<p>1 mark for explanation + ½ mark for the heading + 1 mark for the explanation =</p> <p>1 ½ x 3 =</p> <p>4 ½ marks =</p> <p>½ + 1 + 4 ½ =</p> <p>6 marks</p>
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