केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली
सीनियर स्कूल सर्टिफिकेट परीक्षा (कक्षा बारहवीं)
परीक्षार्थी प्रवेश–पत्र के अनुसार भरें

विषय Subject : BUSINESS STUDIES

विषय कोड Subject Code : 054-1

परीक्षा का दिन एवं तिथि
Day & Date of the Examination : THURSDAY, 3 MARCH 2016

उत्तर देने का माध्यम
Medium of answering the paper : ENGLISH

प्रश्न पत्र के ऊपर लिखे कोड को दर्शाएं : Write code No. as written on the top of the question paper	Code Number 66/1/2	Set Number ① ● ③ ④
अतिरिक्त उत्तर–पुस्तिका (ओं) की संख्या No. of supplementary answer-book(s) used	1	
विकलांग व्यक्ति : Person with Disabilities : हाँ / नहीं Yes / No	NO	

किसी शारीरिक अक्षमता से प्रभावित हो तो संबंधित वर्ग में ✓ का निशान लगाएं।
If physically challenged, tick the category

B	D	H	S	C	A

B = दृष्टिहीन, D = मूक व बधिर, H = शारीरिक रूप से विकलांग, S = स्पास्टिक
C = डिस्लेक्सिक, A = ऑटिस्टिक
B = Visually Impaired, D = Hearing Impaired, H = Physically Challenged
S = Spastic, C = Dyslexic, A = Autistic

क्या लेखन – लिपिक उपलब्ध करवाया गया : हाँ / नहीं Whether writer provided : Yes / No	NO
यदि दृष्टिहीन है तो उपयोग में लाए गये सॉफ्टवेयर का नाम : If Visually challenged, name of software used :	—

* एक खाने में एक अक्षर लिखें। नाम के प्रत्येक भाग के बीच एक खाना रिक्त छोड़ दें। यदि परीक्षार्थी का नाम 24 अक्षरों से अधिक है, तो केवल नाम के प्रथम 24 अक्षर ही लिखें।
Each letter be written in one box and one box be left blank between each part of the name. In case Candidate's Name exceeds 24 letters, write first 24 letters.

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11 MARKERS

1) The decision mentioned is INVESTMENT DECISION, and the type is CAPITAL BUDGETING DECISION.

Investment Decision – it helps to decide how the funds will be invested in different assets

Capital Budgeting Decision – it ~~determines~~ involves committing the finance on a long term basis i.e. in long term fixed assets.

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2) The marketing function concerned is PROMOTION.

3) The factor mentioned in LEVEL OF COLLABORATION.

4) FUNCTIONAL ~~Organi~~ Organisation promotes efficiency in utilisation of manpower.

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5) Process includes all those activities or primary functions that the management has to perform in order to get things done and achieve organisational goals. It includes planning, organising, staffing, directing and controlling.

6) Manuj exercised RIGHT TO BE HEARD since he was dissatisfied with the product and wanted to be heard and hence filed a complaint.

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7) As an element of delegation, responsibility means to the obligation to perform work due to delegated authority and because of superior - subordinate relationship. A subordinate is responsible to his superior for work performance and must obey orders

8) In functional foremanship, speed boss ensures that work is completed timely, effectively and efficiently. He works under the production manager and is concerned with execution of work.

[END OF 1 MARKERS]

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13 MARKERS

9) Functions performed by NGOs for consumer protection are :

(1) Carrying out comparative testing of product samples in accredited laboratories and publishing results for the benefit of all to inform about relative qualities.

(2) Publishing journals, articles etc informing about common consumer problems, solutions, hence creating awareness

(3) Providing consumers Legal aid, assistance etc. while filing complaints in consumer courts.

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10) Functions performed by SEBI —

(1) REGULATORY FUNCTION :
Conducting ~~an~~ enquiries, inspection, audits and

(1) REGULATORY FUNCTION
Calling for information by conducting ~~enquiries~~ enquiries, inspection and audits.
Line - "on regular inspection and by conducting enquiries of the brokers involved"

(2) PROTECTIVE FUNCTION
Controlling insider trading and imposing penalty on violation
Line - "The SEBI imposed a heavy penalty on Mr. Sanjay Nehra"

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11) a) Two communication barriers mentioned –

① ORGANISATIONAL BARRIERS
Organisation policy
"all decision making of the enterprise were in the hands of his father."

② PSYCHOLOGICAL BARRIERS
Distrust
" His father didn't believe in his employees. As a result .... messages in the same sense"

1

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11) b) Organisational barriers

Organisational facilities - facilities such as frequent meetings, suggestion box etc encourage easy communication. Their absence discourage communication.

2

Psychological Barriers

Lack of Attention - if the listener is pre-occupied with another matter, effective communication cannot happen due to lack of attention.

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12) a) To fill up the vacancy of Human Resource Manager (Jyoti), INTERNAL source of recruitment has been used.
The source is PROMOTION.

To fill up the vacancy of Marketing Head (Ashish), EXTERNAL source of recruitment has been used.
The source is PLACEMENT AGENCIES AND MANAGEMENT CONSULTANCY FIRMS

To fill up the vacancy of Assistant Manager (Raman), EXTERNAL source of recruitment has been used.
The source is CASUAL CALLERS.

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12) b) Merit of Promotion (Internal source):

(1) enhances motivation of employee and even leads to a chain of promotion at the lower levels.

Merit of Placement Agencies and Management Consultancies (External source):

(1) it provides extremely qualified personnel

Merit of Casual Callers (External source):

(1) it gives wider choice and fresh talent to organisation

(2) it is cheaper than other sources.

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13) Limitations of Planning :

(1) IT IS TIME CONSUMING :
Planning is a time consuming process and may leave very little time for actual implementation of plans.

(2) IT REDUCES CREATIVITY
Planning is generally done by the top management. The lower hierarchy managers only implement the plan, without acting on their own. Thus much creativity and innovation that was inherent in them gets lost.

(3) IT MAY NOT WORK IN A DYNAMIC ENVIRONMENT
An organisation interacts with its external environment which is dynamic. Planning cannot assess all the changes, such as changes in government policy, changes in consumer tastes etc. Since it is cannot forsee everything, it may not be as effective.

[END OF 3 MARKERS]

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14 MARKERS

14) a) The communication tool used is PUBLIC RELATIONS.

Public Relations includes a variety of programmes aimed at protecting and promoting the company's image and its individual products in the eyes of the public. Its purpose is disseminate information and build goodwill

b) Role of Public Relations (PR)

① PRESS RELATIONS - P.R. department keeps in touch with media and gives information about the company so that it is reliable. Information from any other source can get distorted.

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(2) PRODUCT IMAGE AND RELEASE – P.R. department has to dissemina information about the products of the company so that people are aware of it. This also stimulates salesforce and builds credibility

(3) CORPORATE COMMUNICATION — Speeches, meetings etc. conducted by top managment helps to build goodwill and also helps to inform public about new policies etc. Newsletters, brochures etc. are also helpful.

(4) LOBBYING — P.R. department maintains close contact with ministries concerned with business and industry and often communicate about policies affecting them.

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(5) COUNSELLING — P.R. department advises the top management about programmes they must undertake to improve public image, such as setting up a school in a backward rural area.

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15) a) The type of organisation which permits Steelo Ltd the flow of communication in all directions is INFORMAL organisation.

b) Advantage –

Informal organisation helps to fulfil social needs of the employees as they can communicate on the basis of same interests, friendships etc. Thus, human element is given due importance.

c) Values:

1. social responsibility fulfilled by providing facilities such as schools, hospitals etc.
2. attempt towards development by creating employment opportunities.

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6) Dimensions of business

① ECONOMIC ENVIRONMENT

"recent rate cut in the interest on loans..."

> Economic environment consists of all those factors that affect the production and distribution of wealth.

> It includes, inflation rates, interest rates, disposable income, GDP, ~~foreig~~ value of ~~rupee~~ rupee etc.

> Components are -

- Balance of payment
- Volume of export and import
- Economic structure prevalent
- GNP at current and constant prices.

> Example: a fall in interest rates will encourage loans both by businesses and individuals.

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(2) TECHNOLOGICAL ENVIRONMENT

" develop cars to be powered by fuel produced from garbage." "invention".

> Technological Environment consists of all those scientific inventions and innovations that develop
  - new ways to produce products
  - new methods to operate business efficiently.

> It is an improvement over the existing technology

> Example: invention of Just in time Inventory and manufacturing has enabled firms to maintain minimal levels of inventories.
Airlines have their websites for booking tickets.

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17) Function of Management performed is Directing

Element of Directing performed is Motivation (by giving incentives and satisfying needs, to perform better)

Features of motivation:

(1) IT IS AN INTERNAL FEELING

Motives are urges and desires that are internal to an individual.

(2) IT IS A COMPLEX FORCE

The needs of ~~an~~ in different individuals are different and therefore heterogeneous. What may motivate one subordinate may not ~~mot~~ motivate another as effectively.

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(3) IT PRODUCES GOAL DIRECTED BEHAVIOUR

Through the process of motivation, an attempt is made to satisfy the needs of the subordinates. To fulfil the unsatisfied needs, search behaviour is initiated which is directed towards achievement of goal that may satisfy the need.

(4) MOTIVATION CAN BE POSITIVE OR NEGATIVE

Positive motivation includes rewards, recognition etc.
Negative motivation includes threatening, punishment etc.
Both stimulate the subordinate to perform in the desired manner.

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18) Principles of Management are important because:

① PROVIDING MANAGERS WITH USEFUL INSIGHTS INTO REALITY

Principles of Management add to the knowledge of the manager ~~if~~ They help ~~it~~ them to learn from past mistakes and solve recurring problems quickly. Thus, a managers' understanding is enhanced.

② SCIENTIFIC DECISIONS

Principles of Management help managers to take decisions which are thoughtful, objective and justifiable. They are based on facts and are timely and relevant. They have to based on logical thinking, rather than blind faith.

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(3) FULFILLING SOCIAL RESPONSIBILITY

With the increased awareness of consumers and other stakeholders of a business organisation, businesses are forced to fulfil their social responsibility. Management principles and theory are also developed in this regard. Also, the interpretation of principles changes with changing circumstances.

(4) MANAGEMENT TRAINING, EDUCATION AND RESEARCH

Principles of management are at the heart of management theory and thus become the base of management education in professional institutes of MBA such as IIMs. Aptitude tests for the same are based on them.

Further refinement of principles also takes place, resulting in improvements. Example: cost accounting, operations research.

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19) Functions of Financial markets :

① MOBILISATION OF SAVINGS AND CHANNELLING THEM INTO THE MOST PRODUCTIVE INVESTMENTS

Financial markets help to direct savings into productive investments and provide a ready market for them. They, thus, perform the allocative function and lead to growth.

② FACILITATING PRICE DISCOVERY

Pricing of instruments traded in financial markets are decided by forces of demand and supply. Firms demand the finance, households supply it. The point where these forces meet decides the price.

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(3) PROVIDES LIQUIDITY

Financial markets provide liquidity to the instruments being traded through the mechanism of disinvestment and reinvestment. It is a continuous market.

(4) REDUCES COST OF TRANSACTIONS

Financial markets provide information to both parties involved in a transaction, thus reducing cost, time and risk of error. In their absence, obtaining information about the instruments traded would be costly and time consuming.

END OF 4 MARKERS

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5 MARKERS

20) a) Formal Communication

~~Lines: "One of his colleagues sent a text message about it to his immediate superior~~

20) a) Formal Communication

Lines: "~~sent a text message about it to his immediate super~~ and "when General Manager came to know about it, he ordered..." (using official channels, exercise of formal au

2

Informal Communication

Lines: " Mr. Narain in turn sent a text message to the employee of the organisation requesting them to donate blood for Ar

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b) Features of Informal Communication are:

~~① It emerges from within the form~~

① It spreads throughout the organisation, with its branches going in various directions, with utter disregard to the levels of authority. Hence it is called grapevine.

② It helps in faster transmission of information

c) Values:

① importance of taking precautions - fumigation and cleanliness

② sensitivity, generosity - request for donation.

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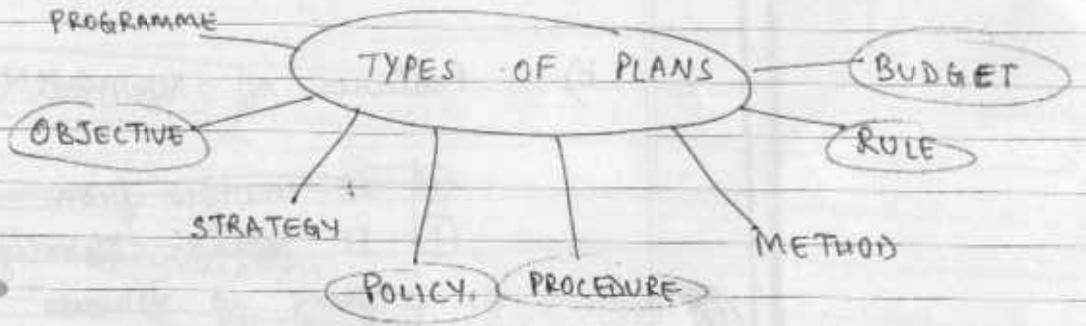
21)



Types of plans discussed here are —

① OBJECTIVE

Line - "one of her objective was to earn 10% profit ...".

An objective defines the future state of affairs that an organisation strives to realise. It is the end result that is desired and aimed for.

② POLICY

Line - " it was decided that raw materials ... will be purchased on three months credit from farmers ... "

Policy is a general statement that guides efforts in a particular

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direction and are the solution to a general problem. They define the broad parameters within which a manager may function.

(3) PROCEDURE

Line - "She also decided to follow the steps required for... her own outlets".

Procedure specifies the routine steps to be followed in a chronological order in a particular circumstance. They are generally for insiders to follow.

(4) METHOD

Line - "appointed mohan ... who decides the exact manner in which production activities are to be carried out".

Method details the prescribed manner or way to carry out a particular task. It helps to save cost, time and effort.

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④ BUDGET

Line - " also prepared a statement showing the number of workers that will be required in the factory "

Budgets are statements that quantify facts, expressed in numerical terms. They involve forecasting of the requirement

⑤ STRATEGY

Line - " about her sales target for different products, areawise for the forthcoming quarter "

Strategy is a comprehensive plan involving setting objectives, choosing a course of action and allocating resources.

⑥ RULE

Line - " while working ... a penalty of ₹100 per day for not wearing caps, gloves and apron was announced "

Rule is the simplest plan, involving a managerial decision informing what is to be done. It is a specific statement with no flexibility.

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STEPS IN CONTROLLING

22)

Setting Performance Standards

↓

Measurement of Actual Performance

↓

Comparing Actual Performance with Standards

↓

Analysing Deviations

↓

Taking Corrective Action.

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Steps involved in controlling are -

① Setting Performance Standards

These are the benchmarks that must be adhered to in production. Standards can be both qualitative and quantitative but must be stated specifically and clearly.

Example : 100 units a week per worker.

They must be objective and realisable.

② Measurement of Actual Performance

Actual performance can be measured using sampling, progress reports, accounting ratios, inspection etc. They must be measured in the same units as the standards.

This measurement must be a continuous process rather than at the end of the production.

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(To be entered by Board)

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Please do not write your Roll Number on this Answer-Book

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Supplementary Answer-Book(s) No. 1

(3) Comparing Actual Performance with Standards

Actual performance must be compared with standards set to find out deviations, if any. This is necessary to ensure that work is being done according to plans or not.

(4) Analysing Deviations

Deviations must be identified and analysed to ensure a proper corrective action.

- Critical Point Control – deviations in areas critical to organisation's success are worked upon. These are Key Result Areas.

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- Management by Exception – only those significant deviations which are beyond the permissible limit must be brought to the notice of the management.

(5) Taking corrective Action

Corrective Action must taken only in cases where deviations are in critical areas and beyond acceptable range. Examples are : training employees, improving production process, replacing machinery etc. When management cannot correct them, standards must be revised.

END OF 5 MARKERS

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16 MARKERS

23) a) CALCULATING E.P.S. FOR CURRENT YEAR

	(₹)
Earning before interest and Tax (EBIT	800,000
Less: Interest @ 10%	(400,000)
Earning before Tax	400,000
Less: Tax @ 40%	(160,000)
Earning after Tax (EAT)	240,000
Number of shares of ₹10 each	6,00,000
∴ Earning per share ($\frac{EAT}{No. of shares}$)	0·40

Since, current year's EPS is less than last year's, therefore the shareholders' lost due to diversification. The R.O.I. ($\frac{EBIT}{Capital\ Employed} \times 100$) is 8% which is less than 10% ~~of~~ interest. It is unfavourable financial leverage

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23) b) Factors which favour issue of debentures →

① CONTROL

Debt does not dilute the control of the manageme and prevents a take over bid

② COST OF DEBT 3

The interest rate was not too high, so the company could go for debt

③ RISK

The financial risk must have been under control to be able to issue debt. This means the business risk was not too high.

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24) a) The aspect neglected by marketer is LABELLING.

b) Functions of labelling :

(1) Describe the Product and Specify its Contents
A label displays the product information and specifies its contents and benefits.
For example : a hair oil label would specify the ingredients and mention the benefits.

(2) Identify the Product and Brand
The label mentions the name of the brand, along with details of the manufacturer, date of expiry, batch number, MRP etc.

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(3) Helps in Grading of Products
A label mentions ~~that~~ the quality specification of the product and grades them accordingly into different categories so that a high quality product gets a high price.
For example: tea has red label, green label etc.

(4) Helps in Promotion
A label displays promotional messages, tag lines and promotional schemes such as buy 1 get 1 free. This helps to attract consumers.

(5) Provides information required by law
A label displays information that ~~must be~~ is mandatory to be provided by law.
Such as, ~~to~~ cigarette pack must say that smoking is injurious for health.

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25) Characteristics of Management

↳ Pervasive ✓

↳ Continuous ✓

↳ Intangible ✓

↳ Dynamic ✓

Characteristics of Management are -

① MANAGEMENT IS AN ALL-PERVASIVE FUNCTION

Management functions must be performed by all types of organisations, all levels of management and in all departments. Hence it is a pervasive function.

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(2) MANAGEMENT IS A CONTINUOUS PROCESS

The functions of management are separate and composite that are continuously performed. It is a managerial cycle with no end to the performance of functions.

(3) MANAGEMENT IS AN INTANGIBLE FORCE

Management is an intangible force that cannot be seen but can be felt in the way an organisation functions, when there is no chaos, employees are happy and satisfied etc.

(4) MANAGEMENT IS A DYNAMIC FUNCTION

A business ~~works~~ integrates with its external dynamic environment. Therefore it must change itself and its goals according to the change in the environment to be successful.

END OF 6 MARKERS

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