

Solved Paper 2016

BUSINESS STUDIES

Class-XII

Time : 3 Hours

Max. Marks : 80

General Instructions:

- (i) Answers to question carrying 1 mark may be from one word to one sentence.
- (ii) Answers to questions carrying 3 marks may be from 50-75 words.
- (iii) Answers to questions carrying 4-5 marks may be about 150 words.
- (iv) Answers to questions carrying 6 marks may be about 200 words.
- (iii) Attempt all parts of a question together.

Delhi Set I

Code No. 66/1/1

1. 'Management is the process of getting things done.'
State the meaning of the term 'process' used in this statement. 1

Ans. 'Process' means series of primary functions or activities that management performs to get things done.

[CBSE Marking Scheme, 2016] 1

2. Give the meaning of 'authority' as an element of delegation. 1

Ans. Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.

[CBSE Marking Scheme, 2016] 1

3. Name the type of 'organisational structure' which promotes efficiency in utilisation of manpower.

Ans. Functional structure.

[CBSE Marking Scheme, 2016] 1

4. State the role of 'gang boss' in functional foremanship. 1

Ans. The role of 'gang boss' as a foreman in functional foremanship is to keep the machines and tools ready for operation by workers.

[CBSE Marking Scheme, 2016] 1

5. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision. 1

Ans. Investment decision/Capital budgeting decision.
Investment decision refers to how the firm's funds are invested in different assets so as to earn the highest possible return to the investors.

[CBSE Marking Scheme, 2016] 1

6. Radhika and Vani who are young fashion designers left their job with a famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd.' They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching centre, they hired the first floor of a nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier.

In the basement of the building of 'Fashionate Pvt. Ltd.', Praveen and Ramesh were carrying on a printing and stationery business in the name of 'Neo Prints Pvt. Ltd.' Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment, Praveen agreed to this.

Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.' 1

Ans. Level of Collaboration.

[CBSE Marking Scheme, 2016] 1

7. Name the marketing function which is concerned with informing the customers about the firm's products. 1

Ans. Promotion. [CBSE Marking Scheme 2016] 1

8. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available.

State the consumer right which Manuj exercised. 1

Ans. Right to be informed which states that a consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity etc. 1

OR

Right to be heard which states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.

[CBSE Marking Scheme 2016] 1

9. Explain any three features of 'Planning.' 3
Ans. Refer Q.12 of Delhi Set-III 2017.

10. Mr. Shubhendu Bose is the owner of 'Bikmac Enterprises' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organisation and the targets were not being met. He asked his son, Naval, who had recently completed his MBA, to find out the reason.

Naval found that all decision making of the enterprise were in the hands of his father. His father didn't believe in his employees. As a result, both the employer and the employees were not able to understand each others messages in the same sense. Thus, the employees were not happy and targets were not met.

(a) Identify any two communication barriers because of which Bikmac Enterprises was not able to achieve its target.

(b) State one more barrier each of the types identified in (a) above. 3

Ans. (a) Two communication barriers are:

- (i) Organisational barrier/ Organisational policy.
- (ii) Psychological barrier/ Distrust. 1

(b) Organisational barrier:

- (i) Rigid Rules and regulations may delay communication.
- (ii) Status of the superior may not allow his subordinates to express their feelings freely.
- (iii) Complexity in organisation structure leads to delayed and distorted communication.
- (iv) Lack of organisational facilities like frequent meetings, suggestion box etc. may discourage free flow of communication. (Any one) 1

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

Psychological barrier: (Any one)

- (i) Premature evaluation i.e., evaluating the meaning of the message before the completion of the message may lead to prejudices against communication.
- (ii) Lack of attention i.e. non-listening of the message acts a major psychological barrier.
- (iii) Loss by transmission and poor retention may act as a barrier to communication. 1

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

11. Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti, the Human Resource Manager of 'Senor Enterprises Ltd.' decided to leave the company.

The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss, Alka Pandit contacted 'Keith Recruiters' who advertised for the post of marketing head for 'Senor Enterprises Ltd.' They were able to recruit a suitable candidate for the company.

Raman's vacancy was filled up by screening the database of unsolicited applications lying in the office.

- (a) Name the internal/external sources of recruitment used by 'Senor Enterprises Ltd.' to fill up the above stated vacancies.
- (b) Also, state any one merit of each of the above identified source of recruitment. 3

Ans. (a) Sources of recruitment used to fill up the vacancies are:

- (i) Promotion
- (ii) Placement Agencies and Management Consultants
- (iii) Casual Callers 1½

(b) Merit of each of the above identified source of recruitment:

Promotion:

- (i) It helps to improve motivation, loyalty and satisfaction level of employees.
- (ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.
- (iii) It is a more reliable way of recruitment since the candidates are known to the organisation.
- (iv) It is a cheaper source of recruitment.

(Any one) ½

Placement Agencies and Management Consultants:

- (i) They recommend suitable names to their clients.
- (ii) It helps in enticing the needed top executives from other companies by making the right offers.

(Any one) ½

Casual Callers:

- (i) It reduces the cost of recruiting workforce in comparison to other sources.
- (ii) It saves time.

(Any one) ½

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

12. Mr. Sanjay Nehra was the Chairman of 'Taran Bank'. The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over of 'Vena Bank'. Mr. Sanjay Nehra knew that the share price of 'Taran Bank' would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹ 5 crore in shares of his bank promising him the capital gains.

As expected the share prices went up by 40% and the market price of Sudhir's shares was now ₹ 7 crore. He earned a profit of ₹ 2 crore. He gave ₹ 1 crore to Mr. Sanjay Nehra and kept ₹ 1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.

By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case. 3

Ans. Functions that were performed by SEBI in the above case were :

(i) **Regulatory function:** Line-'On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.'

SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.

(ii) **Protective function:** Line-'The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.'

SEBI controls insider trading and imposes penalties for such practices. $1\frac{1}{2} + 1\frac{1}{2} = 3$

(If an examinee has given only the headings, $\frac{1}{2}$ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

13. State any three functions performed by non-governmental organisations for consumer protection. 3

Ans. Functions performed by non-governmental organisations for consumer protection are:

(i) Educating the general public about consumer rights. 1

(ii) Publishing periodicals and other publications.

(iii) Carrying out comparative testing of consumer products. 1

(iv) Encouraging consumers to strongly protest and take action against unscrupulous, exploitive and unfair trade practices of sellers.

(v) Providing legal assistance to consumers. 1

(vi) Filing complaints in appropriate consumer courts on behalf of the consumers. 1

(vii) Taking initiative in filing cases in consumer courts in the interest of the general public. 1

(Any three)

(If an examinee has given only the headings, $\frac{1}{2}$ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

14. Explain any four points of importance of management. 4

Ans. Refer Q.10 of Delhi Set-II 2019.

15. A recent rate cut in the interest on loans announced by the Banks encouraged Amit, a science student of Progressive School, to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education. He was awarded first prize for his invention.

Identify and explain the dimensions of business environment discussed in the above case. 4

Ans. Dimensions of business environment:

(i) **Economic environment:** Economic environment refers to factors and forces concerning means of production and distribution of wealth. 2

OR

Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise. 2

(ii) **Technological environment:** Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

[CBSE Marking Scheme, 2016] 2

16. 'Steelo Ltd.' decided to set-up its steel manufacturing factory in the backward area of Odisha where very less job opportunities were available. People of that area welcomed this effort of 'Steelo Ltd.' To attract people to work in its factory it also decided to provide many other facilities like school, hospital, market etc., in the factory premises.

'Steelo Ltd.' started earning huge profits. Another competing company asked its Production Manager 'Aslam' to investigate the reasons of earning huge profits by 'Steelo Ltd.' Aslam found that in both the companies there was systematic co-ordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain whereas 'Steelo Ltd.', was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

- (a) Identify the type of organisation which permits 'Steelo Ltd.' the flow of communication in all the directions.
- (b) State another advantage of the type of organisation identified in (a) above.
- * (c) State any two value which 'Steelo Ltd.' wanted to communicate to the society. 4

Ans. (a) Informal organisation 1

(b) Advantage of informal organisation:

- (i) It fulfils social needs.
- (ii) It compensates for inadequacies in the formal organisation. (Any one) 1

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

17. 'Alfa Ltd.' was dealing in renewable energy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone.

As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilise the travelling time in discussion with the subordinates about presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.

State the features of the element of the function of management used by the CEO. 4

Ans. Features of Motivation:

- (a) It is an internal feeling as the urges, drives or needs of human beings which influence human behaviour which are internal. 1
- (b) It produces goal directed behaviour as it stimulates people to accomplish desired goals. 1
- (c) It can be positive in the form of positive rewards or negative like punishment, stopping increments can be etc. 1
- (d) It is a complex process as any type of motivation may not have a uniform effect on all the members. 1

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

[CBSE Marking Scheme, 2016]

18. A company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The

company was a leading company in the market and earning huge profits. Because of huge profits, the company ignored the after sales services. As a result, its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore, the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result, the goodwill of the company improved in the society.

- (a) Name and state the communication tool used by the marketer in the above case to improve its image.
- (b) Also explain role of the tool as identified in part (a). 4

Ans. (a) **Public Relations:** Public Relations refer to a variety of programmes to promote and protect a company's image or its products in the eyes of the public.

(Or any other correct meaning)

[CBSE Marking Scheme 2016] 1+3=4

(b) **Role of Public Relations:**

- (i) Building corporate image: To build image or goodwill, companies can contribute money and time to social problems. For example, upkeep of parks in the city or sponsoring will promote their products.
- (ii) Smooth functioning of the business: Co-operation of public is essential for any company to achieve its objectives and smooth functioning. Therefore, companies involved in public relation have to satisfy different public groups so that no obstacles are imposed on the smooth functioning of business.
- (iii) Supplement to advertising: As a supplement to advertising, public relations are usually undertaken by marketing managers to spread awareness and knowledge about new and established products. Its cost is less than media advertising as there is no need to pay for media sale and time.
- (iv) Launching a new product: An effective public relations programme conveys information about the new products of company to customers before they are launched. Before launching the new brand, a good publicity increase the demand of it during the advertised period.
- (v) Building interests in the established products: To attract and motivate the customers to buy the products, an effective public relation campaign is essential. Public relation professionals collect information about public opinion for product and company from various media channels. It help the company to chalk out its actions which are relevant to the public. (Any four) 1 × 3 = 3

19. State any four functions of 'Stock Exchange'. 4

Ans. Functions of Stock Exchange are:

- It provides liquidity and marketability to existing securities by allowing the investors a chance to disinvest and reinvest.
- It determines the price of securities on the basis of the forces of demand and supply.
- It ensures safety of transactions as the transactions carried out within an existing legal framework.
- It contributes to economic growth as it indirectly promotes capital formation.
- It spreads equity cult and ensures wider share ownership.
- It provides scope for speculation within the provisions of law.

(Any four)

(If an examinee has given only the heading, $\frac{1}{2}$ mark for the each heading should be awarded)

[CBSE Marking Scheme, 2016] $1 \times 4 = 4$

20. Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same.

One of her objective was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of ₹ 100 per day for not wearing the caps, gloves and apron was announced.

Quoting lines from the above para identify and explain the different types of plans discussed. 5

Ans. The different types of plans are:

(i) **Objective:** Line- 'One of her objective is to earn 10% profit on the amount invested in the first year'.

An objective is the end which the management seeks to achieve within a given time period. 1

(ii) **Policy:** Line- 'It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only.'

Policy is a general guideline which brings uniformity in decision - making for achievement of predetermined objectives. 1

(iii) **Procedure:** Line- 'She also decided to follow the steps required for marketing of the products through her own outlets.'

OR

'She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out'.

It consists of sequence of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed. 1

(iv) **Budget:** Line- 'Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year'.

OR

'Madhu informed Mohan about the sales target for different products, area wise for the forthcoming quarter'.

A budget is plan which states expected results of a given future period in numerical terms. It may be expressed in time, money or physical units. 1

(v) **Rule:** Line- 'While working on the production table, a penalty of ₹100 per day for not wearing the caps, gloves and aprons was announced'.

A rule is a statement that specifies what is to be done or not to be done. 1

[CBSE Marking Scheme, 2016]

21. Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested, he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain'. 'Mr. Narain' in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.

(a) From the above para quote lines that indicate formal and informal communication.

(b) State any two features of informal communication.

* (c) Identify any two values that are being communicated to the society in the above case. 5

Ans. (a) Formal communication: 'When the General Manager came to know about it, he ordered for fumigation in the company premises and cleanliness of the surroundings.' 1

Informal communication: 'One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain'.' 1

OR

'Mr. Narain in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun.'

- (b) Features of Informal communication:** 1
- (i) It takes place without following the formal lines of communication.
- (ii) It arises out of social needs of the employees.
- (iii) It spreads rapidly. (Any two) 1
- (Or any other correct feature)
- (If an examinee has given only the heading, ½ mark for the each heading should be awarded)
- [CBSE Marking Scheme, 2016]

22. Explain any five points which highlight the importance of controlling function of management. 5

Ans. Refer Q.21 of Outside Delhi Set-I 2019.

23. Explain any four characteristics of 'principles of management'. 6

Ans. Refer Q.21 of Delhi Set-II 2019.

24. 'Viyo Ltd.' is a company manufacturing textiles. It has a share capital of ₹ 60 lakh. The earning per share in the previous year was ₹ 0.50. For diversification, the company requires additional capital of ₹ 40 lakh. The company raised funds by issuing 10% debentures for the same. During the current year the company earned profit of ₹ 8 lakh on capital employed. It paid tax @ 40%.

- (a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.
- (b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure. 6

Ans. (a) Earning per share before diversification = ₹ 0.50

Calculation of Earning per share after issue of Debentures (assuming face value of ₹ 100 per share)

Particulars	₹
Share capital	60,00,000
10% Debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less : Interest	<u>4,00,000</u>
Profit before tax	4,00,000
Less : Tax @ 40%	<u>1,60,000</u>
Profit available to shareholders	<u>2,40,000</u>
Earning per share = 2,40,000/60,000	= ₹ 4

This clearly shows that the shareholders have gained after the issue of debentures since the Earning per share has increased from ₹ 0.50 to ₹ 4.

OR

Calculation of Earning per share after issue of Debentures: (assuming face value of ₹10 per share)

Particulars	₹
Share capital	60,00,000
10% Debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less : Interest	<u>4,00,000</u>
Profit before tax	4,00,000
Less : Tax @ 40%	<u>1,60,000</u>
Profit available to shareholders	<u>2,40,000</u>
Earning per share = 2,40,000/6,00,000	= ₹ 0.40

This clearly shows that the shareholders have lost after the issue of debentures since the Earning per share has decreased from ₹ 0.50 to ₹ 0.40.

[Note: In case, a student has calculated Return on Investment as 8% (8,00,000 / ₹ 1,00,00,000) and compared it with the rate of interest which is 10% and concluded that the shareholders have lost after the issue of

Debentures since the interest rate is greater than the Return of Investment.]

[In case the examinee has assumed any other face value and has shown correct calculations and given the correct conclusion, full credit be given.]

- (b) Factors that favour issue of debentures by the company:
- A good cash flow position makes debt funding more viable.
 - High Interest Coverage ratio lowers the risk of company failing to meet its interest payment obligations
 - High debt service coverage ratio indicates better ability to meet the debt service obligations.
 - If Return on Investment of the company is higher than the interest rate on debt, its ability to use debt is greater.
 - Lower the cost of debt higher is the ability to employ debt.
 - High tax rate makes debt relatively cheaper.
 - If the stock market conditions are bearish, a company may be able to easily raise funds through debt.
 - If the company does not want dilution of control, it will favour debt as a source of finance.
 - Inclusion of debt in the capital structure makes the capital structure flexible.
 - If the business risk is lower, its capacity to use debt is higher.
 - Raising funds through debt involves low floatation costs. (Any three)
- (If an examinee has given only the heading, ½ mark for each heading should be awarded)
- [CBSE Marking Scheme, 2016] 3+3=6

25. Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief.

(a) Identify the important aspect neglected by the marketer in the above case.

* (b) Explain briefly the functions of the aspect identified in (a) above. 6

Ans. (a) Labelling

Delhi Set II

Code No. 66/1/2

Except these, all other questions are from Delhi Set-I

7. Give the meaning of 'responsibility' as an element of delegation. 1

Ans. Responsibility as an element of delegation means obligation of a subordinate to perform the assigned duty properly.

[CBSE Marking Scheme, 2016] 1

8. State the role of 'speed boss' in functional foremanship. 1

Ans. The role of 'speed boss' as a foreman in functional foremanship is to ensure timely and accurate completion of job.

[CBSE Marking Scheme, 2016] 1

13. Explain any three limitations of planning. 3

Ans. Limitations of Planning:

- (i) Leads to rigidity
- (ii) May not work in a dynamic environment
- (iii) Reduces creativity
- (iv) Involves huge costs
- (v) Time consuming
- (vi) Does not guarantee success

(Any three points with explanation)

(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)

[CBSE Marking Scheme, 2016] 1×3=3

Detailed Answer

Refer Q.9 of Outside Delhi Set-I 2019.

18. Explain any four points of importance of principles of management. 4

Ans. Refer Q.20 of Delhi Set-I 2019.

19. State the functions of financial market. 4

Ans. Functions of financial market:

- (i) It mobilises savings and channelises them into most productive use by facilitating transfer of savings from savers to investors.
- (ii) It facilitates price discovery for financial assets by interaction of forces of demand and supply.
- (iii) It provides liquidity to financial assets as the securities can be easily converted into cash.

(iv) It helps to save time, effort and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other.

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×4=4

22. Explain the steps in the controlling process. 5

Ans. Steps in Controlling Process:

(a) **Setting Performance standards** : The first step in the controlling process is setting up of performance standards. Standards are the criteria against which actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work. Standards can be set in both quantitative as well as qualitative terms.

(b) **Measurement of Actual Performance**: Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc. As far as possible, performance should be measured in the same units in which standards are set as this would make their comparison easier.

(c) **Comparing Actual Performance with Standards**: This step involves comparison of actual performance with the standards. Such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms.

(d) **Analyzing Deviations**: Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Critical points control and management by exception should be used by a manager in this regard.

(e) **Taking Corrective Action**: No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished.

25. Explain any four characteristics of management. 6

Ans. Refer Q.20. of Outside Delhi Set-I 2019.

Delhi Set III**Code No. 66/1/3**

Except these, all other questions are from Delhi Set-I and Set-II,

7. Give the meaning of 'accountability' as an element of delegation. 1

Ans. Accountability as an element of delegation means the answerability for the final outcome of the assigned task.

[CBSE Marking Scheme, 2016] 1

8. State the role of 'inspector' in 'functional foremanship'. 1

Ans. The role of 'inspector' as a foreman in functional foremanship is to check the quality of work.

[CBSE Marking Scheme, 2016] 1

13. Explain any three points of importance of planning. 3

Ans. Refer Q.9 of Outside Delhi Set-I 2019.

18. Explain any four points that highlight the nature of principles of management. 4

Ans. Refer Q.21 of Delhi Set-II 2019.

19. State any four methods of floatation of new issues in the primary market. 4

Ans. Methods of floatation in the primary market:

- (i) **Offer through Prospectus** is a method of floating new issues by inviting subscriptions from the public through issue of prospectus.
- (ii) **Offer for Sale** is a method in which the securities are not issued directly to the public but through intermediaries like issuing houses or stock brokers.
- (iii) **Private Placement** refers to the allotment of securities by a company to institutional investors and some selected individuals.
- (iv) **Rights Issue** is the privilege given to existing shareholders to subscribe to new issue of shares in proportion to the number of shares they already hold.

(v) **E-IPO** refers to issuing securities through the online system of stock exchange.

(Any four points)

[CBSE Marking Scheme, 2016] 1×4=4

22. Explain the relationship between controlling and planning functions of management. 5

Ans. Relationship between planning and controlling :

- (i) Controlling takes place on the basis of standards developed by planning.
- (ii) Planning without controlling is meaningless.
- (iii) Planning is prescriptive whereas controlling is evaluative.
- (iv) Planning and controlling both are forward-looking.
- (v) Planning and controlling both are looking back.

(With explanation)

(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.)

[CBSE Marking Scheme, 2016] 1×5=5

25. Explain any four points of importance of management. 6

Ans. Importance of Management :

- (i) Helps in achieving group goals
- (ii) Increases efficiency
- (iii) Helps in achieving personal objectives
- (iv) Helps in the development of the society
- (v) Creates a dynamic organisation

(Any four points with explanation)

(If an examinee has not given the headings as above but has given the correct explanations, full credit be given.)

[CBSE Marking Scheme, 2016] 1½×4=6

Detailed Answer

Refer Q.10 of Delhi Set-II 2019.

Outside Delhi Set I**Code No. 66/1**

1. 'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit? Give reason in support of your answer. 1

Ans. No, management is not only concerned with doing the right task, completing activities and achieving goals but also has to take into consideration the cost benefit i.e. doing the task correctly and with minimum cost.

[CBSE Marking Scheme, 2016] 1

2. Give the meaning of 'organising as a process'. 1

Ans. Organising is the process of identifying and grouping the work to be performed, assigning duties to job positions and establishing relationships for the purpose of accomplishing objectives.

(Or any other correct meaning related to 'organising as a process')

[CBSE Marking Scheme, 2016] 1

3. Name the type of organisational structure which promotes flexibility and initiative. 1

Ans. Divisional structure.

[CBSE Marking Scheme, 2016] 1

4. State the role of 'route clerk' in functional foremanship. 1

Ans. The role of 'route clerk' as a foreman in functional foremanship is to specify the route of production.
[CBSE Marking Scheme, 2016] 1

5. Name and state the aspect of financial management that enables to foresee the fund requirements both in terms of 'the quantum' and 'the timings'. 1

Ans. **Financial planning** : The process of estimating the fund requirements of a business and specifying the sources of funds is called financial planning.
OR

Financial planning is the preparation of a financial blueprint of an organisation's future operations.
[CBSE Marking Scheme, 2016] 1

6. Rizul Bhattacharya after leaving his job wanted to start a Private Limited Company with his son. His son was keen that the company may start manufacturing of Mobile-phones with some unique features. Rizul Bhattacharya felt that the mobile phones are prone to quick obsolescence and a heavy fixed capital investment would be required regularly in this business. Therefore, he convinced his son to start a furniture business.

Identify the factor affecting fixed capital requirements which made Rizul Bhattacharya to choose furniture business over mobile phone. 1

Ans. Technology upgradation.
[CBSE Marking Scheme, 2016] 1

7. Name the function of marketing which is concerned with the cost and location of target market. 1

Ans. Transportation.
[CBSE Marking Scheme, 2016] 1

8. Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box, she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week, the representative of the company visited Suman's residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her.

State the consumer right which Suman exercised. 1

Ans. Right to safety which states that the consumer has a right to be protected against goods and services which are hazardous to life and those which do not conform to the safety norms.

OR

Right to seek redressal which states that a consumer has a right to get relief such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer in case the product or service falls short of his expectations.

[CBSE Marking Scheme, 2016] 1

9. Define 'Planning'. Explain the first two steps in the progress of planning. 3

Ans. Planning is the process of setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.

(Or any other correct definition)

First two steps in the process of planning are:

- (i) Setting objectives
- (ii) Developing premises (With explanation)
(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given.)

[CBSE Marking Scheme 2016] 1+2=3

Detailed Answer

- (i) **Setting Objectives:** The first and foremost step is setting objectives. Objectives may be set for the entire organisation and each department or unit within the organisation. Objectives or goals specify what the organisation wants to achieve. Objectives should be clearly. Management must contribute ideas and participate in the objective setting process. If the end result is clear it becomes easier to work towards the goal.
- (ii) **Developing Premises:** Premises refers to making assumptions regarding future. The assumptions are made on the basis of forecasting. Forecast is the technique of gathering information.

10. Mr. Fernandes is the owner of Unibie Enterprises, carrying on the business of manufacturing electrical appliances. There is a lot of discontentment in the organisation and targets are not being met. He asked his son, Michel, who has recently completed his MBA, to find out the reason.

Michel found that all decision-making of the enterprise were in the hands of his father. Moreover, his father did not have confidence in the competency of the employees. Thus, the employees were not happy.

- (a) Identify any two communication barriers because of which 'Unibie Enterprises' was not able to achieve its target.
- (b) State one more barrier each of the types identified in part (a) above. 3

Ans. (a) Two communication barriers are :

- (i) Organisational barrier/ Organisational policy
- (ii) Personal barrier/ Lack of confidence of superior on his subordinates

(b) Organisational barrier :

- (i) Rigid Rules and regulations may delay communication.
- (ii) Status of the superior may not allow his subordinates to express their feelings freely.
- (iii) Complexity in organisation structure leads to delayed and distorted communication.
- (iv) Lack of organisational facilities like frequent meetings, suggestion box etc., may discourage free flow of communication. **(Any one)**

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

Personal barrier :

- (i) Fear of challenge to authority may make the superior withhold communication.
- (ii) Unwillingness to communicate on the part of the subordinates may arise if they perceive that the communication may adversely affect their interests.
- (iii) Lack of proper incentives may hinder the initiative of the subordinates to communicate. **(Any one)**

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1+1+1=3

11. Atul–The Assistant Manager, Vikas–The Marketing Head and Leena–The Human Resource Manager of 'Montac Enterprises Ltd.' decided to leave the company.

The Chief Executing officer of the company called the Human Resource Manager, Leena and requested her to fill up the vacancies before leaving the organisation. Leena suggested that her subordinate Miss Rama Wadhwa is very competent and trustworthy, if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Rama Wadhwa contacted 'Smith Recruiters' who advertised for the post of marketing head for 'Montac Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Atul's vacancy was filled up by screening the database of unsolicited applications lying in the office.

- (a) Name the internal/external sources of recruitment used by 'Montac Enterprises Ltd.' to fill up the above stated vacancies.
- (b) Also, state any one merit of each of the above identified source of recruitment. **3**

Ans. (a) Sources of recruitment used to fill up the vacancies are:

- (i) Promotion
- (ii) Placement Agencies and Management Consultants
- (iii) Casual Callers **1½**

(b) Merit of each of the above identified source of recruitment:

Promotion:

- (i) It helps to improve motivation, loyalty and satisfaction level of employees.

- (ii) It has a great psychological impact over the employees because a promotion at a higher level may lead to the chain of promotions at lower levels in the organisation.

(iii) It is a more reliable way of recruitment since the candidates are known to the organisation.

- (iv) It is a cheaper source of recruitment. **½**

(Any one)

Placement Agencies and Management Consultants :

- (i) They recommend suitable names to their clients.
- (ii) It helps in enticing the needed top executives from other companies by making the right offers.

½ (Any one)

Casual Callers:

- (i) It reduces the cost of recruiting workforce in comparison to other sources.

- (ii) It saves time. **½ (Any one)**

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 3

12. Mr. Vikas Mehra was the Chairman of 'IBM Bank'.

The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce the taking over of 'UK Bank'. Mr. Vikas Mehra knew that the share price of 'IBM Bank' would rise on this announcement. Being a part of the Bank, he was not allowed to buy shares of the bank. He called one of his rich friends Mukand and asked him to invest ₹ 4 crore in shares of his bank promising him the capital gains.

As expected after the announcement, the share prices went up by 50% and the market price of Mukand's shares was now ₹ 6 crore. Mukand earned a profit of ₹ 2 crore. He gave ₹ 1 crore to Vikas Mehra and kept ₹ 1 crore with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Vikas Mehra.

Quoting the lines from the above para identify and state any two functions performed by SEBI in the above case. **3**

Ans. Functions that were performed by SEBI in the above case were :

- (i) **Regulatory function :** 'On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity.'

SEBI can call for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries. **1½**

- (ii) **Protective function**

'The SEBI imposed a heavy penalty on Vikas Mehra.'

SEBI controls insider trading and imposes penalties for such practices. 1½

(If an examinee has given only the headings, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016]

* 13. What is meant by a 'Consumer' as per the provisions of Consumer Protection Act, 1986? 3

14. What is meant by 'Management'? Explain its any three features that establish it as an Art. 4

Ans. Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

(Or any other correct meaning)

Three features that establish it as an art are:

- (i) **Existence of theoretical knowledge:** As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.
- (ii) **Personalised application:** Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner. This gives rise to different styles of management.
- (iii) **Based on practice and creativity:** Management satisfies this criteria as a manager gains experience through regular practice and becomes more effective.

(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given.)

[CBSE Marking Scheme, 2016] 1+3=4

15. With change in the consumption habits of people, Neelesh, who was running a sweets shop shifted to chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates.

Identify and explain the dimensions of business environment discussed in the above case. 4

Ans. (i) Social environment: Social environment includes social forces like custom and traditions, values, social trends and society's expectation from business.

(ii) **Technological environment:** Technological environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

[CBSE Marking Scheme, 2016] 2+2=4

16. 'My Car Ltd.' decided to set-up its new car manufacturing factory in the backward area of

West Bengal where very less job opportunities were available. People of that area welcomed this effort of 'My Car Ltd.' The company also decided to provide facilities like school, hospital, market etc. in the factory premises so that the people are attracted to join the factory as workers.

'My Car Ltd.' started earning huge profit. Another competing company asked its Production Manager 'Arvind' to investigate the reasons of earning huge profits by 'My Car Ltd.'

Arvind found that in both the companies there was systematic co-ordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain, whereas 'My Car Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feedback.

- (a) Identify the type of organisation which permits the flow of communication in all the directions in 'My Car Ltd.'
 - (b) Also state an advantage of the type of organisation identified in part (a) above.
- * (c) State any two values which 'My Car Ltd.' wants to communicate to the society. 4

Ans. (a) Informal organisation 1

(b) Advantage of informal organisation:

- (i) It fulfils social needs.
- (ii) It compensates for inadequacies in the formal organisation. (Any one) 1

(If an examinee has given only the headings, ½ mark for each heading should be awarded.)

(Any two) (Or any other correct value)

[CBSE Marking Scheme, 2016]

17. 'A. S. Environs Ltd.' is dealing in Environment-Consultancy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the team leader used to travel by air whereas his team travelled by road/train. It was not only time consuming but also at times forced the female team members to travel alone.

As a result, the subordinates were not acting in a desired manner to achieve organisational goal. The CEO of the company came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that in future all the members including the leader would travel together and usefully utilise the travelling time in discussion about the presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.

State the features of the element of the function of management used by the CEO. 4

Ans. Features of Motivation :

- (a) It is an **internal feeling** as the urges, drives or needs of human beings which influence human behaviour are internal. 1
- (b) It **produces goal directed behaviour** as it stimulates people to accomplish desired goals. 1
- (c) It can be **positive** in the form of positive rewards or **negative** like punishment, stopping increments etc. 1
- (d) It is a **complex process** as any type of motivation may not have a uniform effect on all the members. 1

(If an examinee has given only the headings, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016]

18. A company was marketing 'Juicers' which were very popular due to their quality and after-sale-services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored the after sales services. As a result, its relations with the customers got spoiled and the image of the company in the public was damaged. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore, the company took all possible measures to protect and promote its favourable image. As a result, the goodwill of the company improved in the society.

(a) Name and state the communication tool used by the marketer in the above case to improve its image.

* (b) Also explain role of the tool as identified in part (a). 4

Ans. (a) Public Relations : Public relations refer to a variety of programmes to promote and protect a company's image or its products in the eyes of the public. 1

(Or any other correct meaning)

(If an examinee has not given the headings but has given the correct explanation, full credit should be given.)

[CBSE Marking Scheme, 2016] 1+3=4

19. State the functions performed by financial market. 4

Ans. Functions of financial market :

- (i) It **mobilises savings and channelises** them into most productive use by facilitating transfer of savings from savers to investors.
- (ii) It **facilitates price discovery** for financial assets by interaction of forces of demand and supply.

(iii) It **provides liquidity** to financial assets as the securities can be easily converted into cash.

(iv) It **helps to save time, effort** and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other.

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×4=4

20. Two years ago, Mayank obtained degree in food technology. For some time he worked in a company manufacturing bread and biscuits. He was not happy in the company and decided to have his own bread and biscuits manufacturing units. For this, he decided the objectives and the targets and formulated action plan to achieve the same.

One of his objective was to earn 50% profit on the amount invested in the first year. It was decided that raw materials like flour, sugar, salt etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Harsh as a Production Manager who decided the exact manner in which the production activities are to be carried out. Harsh also prepared a statement showing the requirement of workers in the factory throughout the year. Mayank informed Harsh about his sales target for different products, area wise for the forth coming quarter. While working on the production table a penalty of ₹ 150 per day was announced for not wearing the helmet, gloves and apron by the workers .

Quoting lines from the above para identify and explain the different types of plans discussed. 5

Ans. The different types of plans are :

(i) **Objective :** 'One of his objective was to earn 50% profit on the amount invested in the first year.'

An objective is the end which the management seeks to achieve within a given time period. 1

(ii) **Policy :** 'It was decided that raw materials like flour, sugar, salt etc. will be purchased on two month credit'.

Policy is a general guideline which brings uniformity in decision - making for achievement of predetermined objectives. 1

(iii) **Procedure :** 'He also decided to follow the steps required for marketing the products through his own outlets.'

OR

'He appointed Harsh as a Production Manager who decided the exact manner in which the production activities are to be carried out.'

It consists of sequence of routine steps on how to carry out activities. It details the exact manner in which any work is to be performed. 1

(iv) **Budget :** 'Harsh also prepared a statement showing the requirement of workers in the factory throughout the year.'

OR

'Mayank informed Harsh about his sales target for different products, area wise for the forth coming quarter.'

A budget is plan which states expected results of a given future period in numerical terms. It may be expressed in time, money or physical units. 1

- (v) **Rule :** 'While working on the production table a penalty of ₹ 150 per day was announced for not wearing the helmet, gloves and apron by the workers.'

A rule is a statement that specifies what is to be done or not to be done. 1

[CBSE Marking Scheme, 2016]

21. Prateek is working in a multi-national company in Noida. He was running temperature for the last many days. When his blood was tested, he was found positive for malaria. He was admitted in the hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior 'Mr. B. Chatterjee'. Mr. B. Chatterjee, immediately sent a text message to the employees of the organisation requesting them to donate blood for Prateek. When the General Manager came to know about it he ordered for fumigation in the company premises and for cleaning the surroundings.

- (a) From the above para quote lines that indicate formal and informal communication.
 (b) State any two features of informal communication.
 *(c) Identify any two values that are being communicated to the society in the above case. 5

Ans. (a) Formal communication : 'When the General Manager came to know about it, he ordered for fumigation in the company premises and for cleaning the surroundings.

Informal communication : 'One of his colleagues sent a text message to his superior Mr. B.Chatterjee.'

OR

'Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek.' 2

- (b) **Features of Informal communication :**
 (i) It takes place without following the formal lines of communication.
 (ii) It arises out of social needs of the employees.
 (iii) It spreads rapidly.

(Any two) (Or any other correct feature)
 [CBSE Marking Scheme, 2016] 1+1+1=3

22. State the steps in the controlling process. 5

Ans. Steps in the controlling process are :

- (i) The **standards of performance are set** which serve as the criteria against which actual performance will be measured.

(ii) **Actual performance is measured** in an objective and reliable manner in the same units in which standards are set.

(iii) **Actual performance is compared** with the standards to find out the deviation.

(iv) **Deviations are analysed** for their causes through Critical Point Control and Management by Exception.

(v) **Corrective action is taken** if deviations go beyond the acceptable limits.

(If an examinee has given only the headings, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×5=5

23. Describe any four characteristics of 'co-ordination'. 6

Ans. Refer Q.20 of Outside Delhi Set-I 2019.

24. Kay Ltd. is a company manufacturing textiles. It has a share capital of ₹ 60 lakh. In the previous year, its earning per share was ₹ 0.50. For diversification, the company requires additional capital of ₹ 40 lakh. The company raised funds by issuing 10% Debentures for the same. During the year the company earned profit of ₹ 8 lakh on capital employed. It paid tax @ 40%.

- (a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.
 (b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure. 6

Ans. (a) Earning per share before diversification : ₹ 0.50

Calculation of Earning per share after issue of Debentures (assuming face value of ₹ 100 per share)

Particulars	₹
Share capital	60,00,000
10% Debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less : Interest	<u>4,00,000</u>
Profit before tax	4,00,000
Less : Tax @ 40%	<u>1,60,000</u>
Profit available to shareholders	<u>2,40,000</u>
Earning per share = 2,40,000/60,000	= ₹ 4

This clearly shows that the shareholders have gained after the issue of debentures since the Earning per share has increased from ₹ 0.50 to ₹ 4.

OR

Calculation of Earning per share after issue of Debentures: (assuming face value of ₹ 10 per share)

Particulars	₹
Share capital	60,00,000
10% Debentures	40,00,000
Total	1,00,00,000
Profit before interest and tax	8,00,000
Less : Interest	4,00,000
Profit before tax	4,00,000
Less : Tax @ 40%	1,60,000
Profit available to shareholders	2,40,000
Earning per share = 2,40,000/6,00,000	=₹ 0.40

This clearly shows that the **shareholders have lost** after the issue of debentures since the Earning per share has decreased from ₹ 0.50 to ₹ 0.40.

[Note: In case, a student has calculated Return on Investment as 8% (8,00,000/₹ 1,00,00,000) and compared it with the rate of interest which is 10% and concluded that the shareholders have lost after the issue of Debentures since the interest rate is greater than the return of Investment,

[1 mark is to be awarded]

(b) Factors that favour issue of debentures by the company :

- (i) A **good cash flow position** makes debt funding more viable.
- (ii) **High Interest Coverage ratio** lowers the risk of company failing to meet its interest payment obligations
- (iii) **High debt service coverage ratio** indicates better ability to meet the debt service obligations.

- (iv) If **Return on Investment of the company is higher than the interest rate on debt**, its ability to use debt is greater.
- (v) **Lower the cost of debt** higher is the ability to employ debt.
- (vi) **High tax rate** makes debt relatively cheaper.
- (vii) If the **stock market conditions are bearish**, a company may be able to easily raise funds through debt.
- (viii) If the **company does not want dilution of control**, it will favour debt as a source of finance.
- (ix) Inclusion of debt in the capital structure makes the capital structure flexible.
- (x) If the **business risk is lower**, its capacity to use debt is higher.
- (xi) Raising funds through debt involves **low floatation costs**.

(Any three)

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 3+3=6

25. Vasvi purchased a bottle of pickle from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief.

(a) Identify the important aspect neglected by the marketer in the above case.

* (b) Explain briefly the functions of the aspect identified in (a) above. 6

Ans. Refer Q.25 of Delhi Set-I 2016.

Outside Delhi Set II

Code No. 66/2

Except these, all after questions are from Outside Delhi-1.

7. Give the meaning of 'Delegation'. 1

Ans. Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.

(Or any other correct meaning including all the three elements.)

[CBSE Marking Scheme, 2016] 1

8. State the role of 'Inspector' in functional foremanship. 1

Ans. The role of 'Inspector' as a foreman in functional foremanship is to check the quality of work.

[CBSE Marking Scheme, 2016] 1

9. State any three limitations of planning function of management. 3

Ans. Limitations of planning:

- (a) It **leads to rigidity** because once a well defined plan is drawn, the managers may not be in a position to change it.

(b) It **may not work in a dynamic environment** as it is difficult to accurately assess future trends in the environment.

(c) It **restricts/reduces creativity** as managers are neither allowed to deviate from plans nor are permitted to act on their own.

(d) It **involves huge costs** in terms of time and money which may not justify the benefit derived from the plans.

(e) It is **time consuming** and sometimes not much time is left for its implementation.

(f) It **does not guarantee success** if it is not translated into action. (Any three)

(If an examinee has given only the heading, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×3=3

14. Explain the features of management that do not establish it as a profession. 4

Ans. The features of management that do not establish it as a profession are:

(i) **Restricted entry:** The entry to a profession is restricted through a prescribed qualification.

But there is no restriction on anyone being appointed as a manager in any business enterprise.

(ii) **Professional association:** All professions are affiliated to a professional association which regulates entry, grants certificate of practice.

There is no compulsion for managers to be members of such an association.

(iii) **Ethical code of conduct:** All professions are bound by a code of conduct which guides the behaviour of its members.

AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code.

(iv) **Service motive:** The motive of a profession is to serve their client's interests by rendering dedicated and committed service.

The basic purpose of management is to help the organisation achieve its stated goal which may be profit maximisation. However, profit maximisation as the objective of management does not hold true and is fast changing. So, presently this feature of profession is not fully present in management.

(Note: In case an examinee has combined 'professional association' and 'ethical code of conduct', full credit be given)

[CBSE Marking Scheme, 2016] 1×4=4

19. State any four functions of 'Secondary Market'. 4

Ans. Functions of Secondary Market are:

(a) It **provides liquidity and marketability** to existing securities by allowing the investors a chance to disinvest and reinvest.

(b) It **determines the price of securities** on the basis of the forces of demand and supply.

(c) It **ensures safety** of transactions as the transactions carried out within an existing legal framework.

(d) It **contributes to economic growth** as it indirectly promotes capital formation.

(e) It **spreads equity cult** and ensures wider share ownership.

(f) It **provides scope for speculation** within the provisions of law. (Any four)

(If an examinee has given only the heading, ½ mark for the each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×4=4

22. State any five points that highlight the importance of controlling. 5

Ans. Importance of Controlling :

(a) It helps in accomplishing organisational goals by bringing to light, deviations if any and indicating corrective action.

(b) It helps in making efficient use of resources by ensuring that each activity is performed in accordance with pre-determined standards.

(c) It ensures order and discipline among employees by keeping a close check on their activities.

(d) It improves employee motivation as the employees' know well in advance the standards of performance on the basis of which they will be appraised.

(e) It helps in judging accuracy of standards in the light of changes taking place in the organisation and in the environment.

(f) It facilitates coordination in action as each department is governed by predetermined standards which are well coordinated with one another. (Any five)

(If an examinee has given only the headings, ½ mark for each heading should be awarded.)

[CBSE Marking Scheme, 2016] 1×5=5

25. Describe the nature of principles of management with the help of any four points. 6

Ans. Nature of principles of management :

(i) Universal applicability

(ii) General guidelines

(iii) Formed by practice and experimentation

(iv) Flexible

(v) Mainly behavioural

(vi) Cause and effect relationship

(vii) Contingent

(Any four points with explanation)

(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given.)

[CBSE Marking Scheme, 2016] 1½×4=6

Detailed Answer

Refer Q.21 of Delhi Set-II 2019.

Outside Delhi Set III**Code No. 66/3**

Except these, all other questions are from Outside Delhi Set-I and Set-II.

7. Give the meaning of 'Decentralisation'. 1

Ans. Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.

(Or any other correct meaning)
[CBSE Marking Scheme, 2016] 1

8. State the role of 'Gang Boss' in functional foremanship. 1

Ans. The role of 'Gang Boss' as a foreman in functional foremanship is to keep machines and tools ready for operation by workers.

[CBSE Marking Scheme, 2016] 1

9. Explain any three points that highlight the importance of planning. 3

Ans. Importance of Planning :

- (i) Provides directions
- (ii) Reduces the risk of uncertainty
- (iii) Facilitates decision-making
- (iv) Reduces overlapping and wasteful activities
- (v) Promotes innovative ideas
- (vi) Establishes standards for controlling

(Any three points with explanation)

(If an examinee has not given the headings as above but have given the correct explanations, full credit should be given.)

[CBSE Marking Scheme 2016] 1×3=3

Detailed Answer

Refer Q.9 of Outside Delhi Set-I 2019.

14. Define Management. Explain the features that establish it as a social science. 4

Ans. Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

(Or any other correct meaning)

The features that establish management as a social science are:

- (i) **Principles based on observation and experimentation:** Like science, management principles are derived through observation and repeated experimentation. However since management deals with human beings the outcome of these experiments are not capable of being accurately predicted.

- (ii) **Universal validity:** Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. Since they have to be modified according to a given situation, their application and use is not universal.

So, this feature of science is not fully present in management.

Therefore, management is considered a social science.

[CBSE Marking Scheme, 2016] 2+2=4

19. State any four methods of floatation of new issues in the primary market. 4

Ans. Methods of floatation in the primary market:

- (i) **Offer through Prospectus** is a method of floating new issues by inviting subscriptions from the public through issue of prospectus.
- (ii) **Offer for Sale** is a method in which the securities are not issued directly to the public but through intermediaries like issuing houses or stock brokers.
- (iii) **Private Placement** refers to the allotment of securities by a company to institutional investors and some selected individuals.
- (iv) **Rights Issue** is the privilege given to existing shareholders to subscribe to new issue of shares in proportion to the number of shares they already hold.
- (v) **E-IPO** refers to issuing securities through the online system of stock exchange.

(Any four)

[CBSE Marking Scheme, 2016] 1×4=4

22. State the relationship between planning and controlling functions of management. 5

Ans. Relationship between planning and controlling :

- (i) **Controlling takes place on the basis of standards developed by planning** because if the standards are not set in advance, managers have nothing to control.
- (ii) **Planning without controlling is meaningless** because once a plan becomes operational, controlling ensures that events conform to the plans.
- (iii) **Planning is prescriptive whereas controlling is evaluative** because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions.

- (iv) **Planning and controlling both are forward looking** because while plans are prepared for the future, controlling seeks to improve the future on the basis of the past experience.
- (v) Planning and controlling are both looking back because, while planning is guided by past experiences, Controlling compares the actual performance with the standards set in the past.

(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.)

[CBSE Marking Scheme, 2016] 1×5=5

25. Explain any four points which highlight the importance of principles of management. 6

Ans. Refer Q.20 of Delhi Set-I 2019.

