

Business Studies 2015 (Outside Delhi)

Set I

Time allowed : 3 hours

Maximum marks : 80

1. What is meant by 'Business Environment' ? [1]

Answer : Business environment refers to sum total of all the external forces and conditions in which a business operates and which can directly or indirectly affect the business.

2. Explain, how Management helps in the development of society. [1]

Answer : Management aims at development

of society by giving due importance to social obligations. Efficient management improves living standard of the people by providing employment opportunities and so on.

3. Give the meaning of 'Objectives' as a type of plan. [1]

Answer : An objective is a goal that a management desires to achieve. By stating the

objectives a management broadly defines what is to be done.

4. 'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines in a day. There is an occupational specialization in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure.

Identify the type of organisation structure described above. [1]

Answer : Himalaya Ltd. is following Functional Structure.

5. How does 'cost of equity' affect the choice of capital structure of a company? Explain. [1]

Answer : More use of debt capital increases the financial risk of equity shareholders. Debt can be used only to a certain level. More use of debt beyond that certain level increases the cost of equity. Hence cost of equity affects the capital structure.

6. 'Bharat Express' specializes in Courier Services. Its 'wide range of express package and parcel services' helps business firms to make sure that the goods are made available to the customers at the right place and at the right time.

State with reason, whether the working capital requirements of 'Bharat Express' will be high or low. [1]

Answer : Working capital of Bharat Express will be low as it is a service provider firm and working capital of a service provider firm is usually low because they do not have to keep inventory.

7. 'Maruti Vega Ltd.' entered into the market with coloured television and have now introduced products like audio systems, air-conditioners, washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.

Identify the element of marketing-mix discussed here. [1]

Answer : Product as an element of product mix is mentioned in the given case.

8. Himanshu purchased a new car from 'Galaxy Motors' ₹25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km, and 15,000 km. respectively. When Himanshu took the car for the first free servicing, he was told that the car

was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.

Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer. [1]

Answer : No, he cannot appeal against the decision now as the appeal has to be filled within 30 days of passing of the order by the State Commission.

9. What is meant by 'Formal Organisation'? State its any two advantages. [3]

Answer : Formal organisation is a system of well-defined rules and regulations that specify the boundary of all organisational jobs. It is a deliberate process that lays more emphasis on the work to be done rather than interpersonal relationship. The following are advantages of a formal organisation :

- (i) **Fixation of responsibility** : It is easier to fix the responsibility since mutual relationships are clearly defined.
 (ii) **Clarity of duties** : There is no ambiguity in the role that each member has to play as duties, are specified.

10. How do the 'Company-related factors' affect the choice of Channels of distribution? Explain. [3]

Answer : Company related factors affect the choice of distribution channels in the following manner:

- (i) **Financial strength** : A financially strong company may conveniently opt for direct channel of distribution, whereas financially weak company has to depend on longer or indirect channel of distribution.
 (ii) **Degree of control** : When a firm wants to exercise control over distribution then direct channel is preferred and when a firm is not desirous to control over distribution then it may opt for indirect channel of distribution.

11. A.S. Ltd. is a large company engaged in assembly of air-conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing

attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping. [3]

- (a) Identify the function of Management discussed above.
- (b) State those steps in the process of the function identified which are discussed in the above paragraph.

Answer : (a) Controlling as function of management is being discussed in the given case.

(b) The following steps of controlling are discussed in the given case:

- (i) **Setting up of performance standards :** The first step of controlling process is to set up the quantitative standards. As in the given case assembling of 1000 units per day is quantitative standards set for the workers to achieve.
- (ii) **Measuring the actual performance :** Once the standards have been set, the next step is to measure the actual performance. The actual performance in the given case is assembling of 800 units of air conditioners.
- (iii) **Comparing the actual performance with standard:** The next step in controlling process is to compare the actual performance with standard performance. Such comparisons will reveal the deviations. In the above case the deviation is of 200 units.

12. 'The Stock Exchange performs many vital functions in today's commercial world.' Explain any three such functions. [3]

Answer : Functions of Stock Exchanges are as follows:

- (i) **Providing liquidity and marketability to securities :** The basic function of stock exchange is to provide a ready market for sale and purchase of securities. This provides liquidity and marketability to existing securities
- (ii) **Pricing of securities :** Share prices on a stock exchange are determined by the forces of demand and supply. Stock exchange makes continuous valuation of securities and quotes prices for securities.
- (iii) **Contributes to economic growth :** A stock exchange is a market in which securities

are traded. Through this process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues. This leads to capital formation and economic growth.

13. Jaideep recently joined as the Managing Director of 'Tivori Ltd.', an apparel designing company. He observed that the company had a number of experienced fashion designers on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead of the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this the employees felt disheartened and stopped giving useful suggestions. [3]

- (a) Identify the communication barrier discussed above.
- (b) State the category of this communication barrier.
- (c) Explain any other Communication barrier of the same category.

Answer : (a) The communication barrier being discussed in the given situation is "lack of proper incentives". In the given situation as the suggestions of the employees were never appreciated they felt discouraged to communicate with the managers.

- (b) The category of this communication barrier is "Personal Barrier".
- (c) Another communication barrier of the same category is 'low confidence on subordinates by the superior'. When the superior has low confidence on the subordinates he is unwilling to involve them in the discussion and other matters. This leads to communication gap between the two.

14. What is meant by 'Management' ? State any three objectives of Management. [4]

Answer : Management is the process of getting the work done with the aim of achieving the organisational goals in an efficient manner. Three objectives of management are as follows:

- (i) **Organisational objectives :** Organisational objectives are those objectives which are needed to achieve the economic goals of the organisation. The main objective of any organisation is to utilise human and non-human resources in the most effective and efficient manner. Organisational objectives includes majority three objectives (a) Survival (b) Profit (c) Growth

(ii) Social objectives : Social objectives refer to those objectives which are desired to be achieved for the benefit of the society. Business makes use of scarce resources of society, so society expects something in return for its welfare. Social objectives deal with fulfilling the obligations towards society.

(iii) Personal/individual objectives : Personal objectives refer to the objectives related to the needs of the individuals working in the organisation. Individual objectives include both financial as well as social needs.

15. Explain any four points of importance of 'consumer protection' from the point of view of business. [4]

Answer : Consumer protection is not only needed for consumers but it is equally important for the business as well. Following are the reasons for it:

(i) Long term interest business : With increasing competition and the drive to survive in the market, customer satisfaction is of prime importance for any business. As, a satisfied consumer bring new customers by providing good feedback of the firm. So, the business firms can aim for long term profit maximization through customers satisfaction.

(ii) Business uses society's resources : Business uses scarce resource of society so it is the responsibility of the business to use resources for the benefit of society and consumers.

(iii) Social responsibility : A business has social responsibility towards various stakeholders. The consumer is one of the important stakeholder. So, it is the responsibility of the business to protect their interests.

(iv) Government intervention : Government is actively involved in the protection of consumers rights. Any unfair trade practices may invite government intervention which may hamper the image of the business.

16. Neeraj Gupta started a company 'YoYo Ltd.' with ten employees, to assemble economical computers for the Indian rural market. The company did very well in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier

taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.

(a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.

(b) Also explain any three points of importance of this concept. [4]

Answer : (a) The concept of decentralisation is used by Neeraj Gupta in the given case.

(b) Importance of decentralisation is as follows:

(i) Develops initiative among subordinates: Decentralisation gives individuals an opportunity to learn by doing. It enhances their morale and they feel highly motivated. It promotes self-reliance, confidence and promotes a positive work environment with greater freedom.

(ii) Develops managerial talent for future : Decentralisation provides a better means to develop as it gives them a chance to take decisions, exercise judgement and perform the activities of top level management.

(iii) Facilitates growth : Under decentralisation, managers enjoy considerable freedom to manage the affairs of their departments. Each department puts its best efforts hence overall productivity increases and this facilitates the growth of organisation.

17. The workers of 'Gargya Ltd.' are unable to work on new computerized machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.

Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.

Also state any three benefits that the workers will derive by the decision of the supervisor. [4]

Answer : The supervisor can provide technical training to the workers regarding the use of machines with increased and improved

knowledge, the workers will be able to work independently.

The benefits that the workers will derive by the decision of the supervisor are as follows:

- (i) **Career growth** : Training helps employees to improve their skills and knowledge.
- (ii) **Increased earnings** : Training helps to improve the performance and productivity of workers. And with improved performance workers can earn higher wages and incentives.
- (iii) **Safety of employees** : Trained Workers are less prone to accidents as they are more efficient to handle machines and materials.

18. Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided, the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organisation, but due to long working hours she did not have time to cook her meal. She had to depend upon outside food, which was deteriorating her health.

She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.

- (a) State the dimension of Business Environment being discussed above.
- (b) State the Principle of Management being followed by 'Fortio'.
- (c) Identify any two values being communicated by the company to the society in the above case.** [4]

Answer : (a) The dimension of business environment being discussed is 'Social Environment.'

(b) The principle of management being followed by 'Fortio' is Remuneration of employee'

as they give good salaries and perks to its employees.

19. Mission Coach Ltd.' is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.

- (a) Name and explain the money market instrument the company can use for the above purpose.
- (b) What is the durations for which the company can get funds through this instrument ?
- (c) State any other purpose for which this instrument can be used. [4]

Answer : (a) The Company can use "Commercial Paper" to meet the expenses of flotation cost.

Commercial Paper is an unsecured instrument issued in the form of promissory note. It is issued only by large and credit worthy companies. The original purpose of Commercial paper was to provide short-term funds for seasonal and working capital needs.

- (b) Company can get funds through this instrument for a period of 15 days to one year.
 - (c) It can be used to meet short term requirements of funds like seasonal and working capital.
20. Give the meaning of 'Organising'. State the steps in the process of Organising. [5]

Answer : Organising is a process of defining and grouping of the activities of the enterprise and establishing authority-responsibility relationship.

Process of organizing includes following steps:

- (i) **Identification and division of work** : The first step in the process of organizing involves identification and division of work that has to be done in accordance with the predetermined plans.
- (ii) **Departmentalisation** : Once the work has been divided into small and manageable activities then those activities which are similar in nature, are grouped together. Such

** Answer is not given due to change in present syllabus

group facilitate specialisation. This grouping process is called departmentalisation.

- (iii) **Assigning duties** : The third step under organising deals with assigning the roles and responsibilities to the personnel. Under each department work is allocated to different members as per their skill and ability. While assigning the duties it must be ensured that the best suited and proficient person is selected for the work.
- (iv) **Establishing the relationship** : Any organisation needs a proper hierarchic structure to work efficiently. Every person should know whom he is working under and to whom he needs to report. Establishment of such relationship helps in smooth functioning of an organisation.

21. Anjali had been working with 'Tata Enterprises' for the last ten years. She was famous for her dedication towards the work. When the Manager who was senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Monika.' Anjali felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.

Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She noticed Anjali's behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organisation and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.

- (a) Identify the function of Management being performed by Monika.
- (b) Name the element of the above function of management which helped Monika to improve Anjali's behaviour.
- (c) State any three features of the element identified in (b) above. [5]

Answer : (a) Directing function of management is performed by Monika in the given case.

- (b) Motivation helped Monika to improve Anjali's behavior.
- (c) Features of motivation are as follows.

(i) **Motivation is an internal feeling** : Motivation is a psychological concept and cannot be forced on employees. The internal

feeling like needs, desires or urges influence human behaviour to act in a particular manner.

(ii) **Motivation produces goal oriented behaviour** : Motivation influences employees behaviour in such a manner so that they can achieve their goals.

(iii) **Motivation can be positive or negative**: Employees can be motivated either by positive motivators or by negative motivators. Positive motivation offers something precious in the form of additional pay, incentives, promotion, etc. Negative motivation means making use of negative motivators like punishment, threat of demotion, etc. to influence employee's behaviour to act in a desired manner.

22. Mohit Gupta is working with 'Yellow Security Services Ltd.' He is also recruiting security guards for the company. The company provide security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.

- (a) Name the source of recruitment used by 'Yellow Security Services Ltd.'
- (b) State any one disadvantage of this source of recruitment.
- (c) Identify the need of 'Security Guards' which is being fulfilled by the company as per Maslow's need hierarchy.
- (d) Identify any two values communicated to the society in the above stated case. [5]

Answer : (a) Yellow Security Service Ltd. is using external source of recruitment i.e. Employee's recommendations.

(b) External source of recruitment is a lengthy and time consuming process as the vacancies have to be notified and application have to be received before selection.

(c) The 'Security Guards' are fulfilling 'Basic Physiological Needs' as per the Maslow's need hierarchy. This kind of need implies meeting the essential requirements for sustenance of life. For example, food, clothing and shelter.

(d) Values communicated are as follows:

(i) **Honesty** : The guards provided by the company are honest and committed towards their responsibility.

(ii) **Social responsibility** : Employment generation for unskilled people is an example of fulfillment of social responsibility by the company.

23. Explain the following principles of management :

(a) **Science, not rule-of-thumb.**

(b) **Discipline.** [6]

Answer : (A) Science, not rule-of-thumb : According to this principle, there should be scientific study and analysis of each element of job, in order to replace the old rule of thumb approach or trial and error method. Rule of Thumb means which is not based on exact science or exact measurement. This principle encourages thinking before doing. Taylor emphasised that manager should scientifically analyse each component of work and the motions required to perform it. Scientific methods are based on cause and effect whereas rule of thumb means absolute rule of manager in taking managerial decisions.

(B) Discipline : Discipline refers to obedience of rules and regulations of the organisation, which is necessary for the systematic working of the organisation. Discipline requires good supervisors at all levels, clear and fair agreement regarding rules and judicious application of penalties. Discipline is must for all the organisations and for all the levels to achieve the organisational targets on time as working in discipline promotes working efficiency and avoids confusion and delays in work.

24. 'Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of ₹50 lakhs from I.C.I.C.I. Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion, identify and explain any four such factors. [6]

Answer : As per the question, the decision that is discussed above is 'dividend decision'.

The following are the factors that affect the dividend decision:

Quote 1. "It has been consistently earning good profits for many years."

Factor-stability of earnings : When a company has a stable and a smooth earning, it is in a position to distribute higher dividends as compared to the companies who have an unstable earning. In other words, a company having consistent and stable earnings can distribute higher amount of dividends.

Quote 2. "This year too, it has been able to generate enough profits."

Factor-Amount of earnings : A firm pays dividends out of its current and past earnings. This implies that earnings play a key role in the dividends decision. A company having higher earnings will be in a position to pay a higher amount of dividend to its shareholders. In contrast to this, a company having low or limited earnings would distribute low dividends.

Quote 3. "There is availability of enough cash in the company and good prospects for growth in future."

Factor-Growth prospects : Companies aiming for a higher growth level or expansion of operations retain a higher portion of the earnings with themselves for re-investment. Thus, the dividends of such companies are smaller as compared to the companies with lower growth opportunities.

Quote 4. It has many shareholders who prefer to receive a regular income from their investments."

Factor-Preference of the shareholders : A company must keep in mind the preferences of the shareholders while distributing the dividends. For instance, if the shareholders prefer as least a certain amount of dividend, then the company is likely to declare the same.

25. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customer's views

and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specification in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties namely-Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.

Explain the three functions of marketing, with reference to the above paragraph. [6]

Ans. Marketing is made up of numerous activities known as marketing functions. Following are the functions of marketing:

(i) **Gathering and analysing market information** : One of the important function of marketing is to collect adequate, reliable and timely information i.e. to conduct market research. Market research is concerned with studying market conditions to determine needs, priorities and preferences of the consumers. As in the given case Radhika is us-

ing internet to gather information about customer's views and opinions.

(ii) **Standardisation and grading** : Standardisation means product according to certain specific detail and grading implies classifying the goods into various classes or groups based on size, quality, etc. In the given case, Radhika found that there is no specifications regarding the rice in the market. Thus, she decided to classify her rice under three different names based on the quality. Thus, she performed the function of standardisation and grading her rice based on quality.

(iii) **Branding** : Branding refers to giving a special name to the product. In marketing the firms have to decide by what name the product should be sold in the market. Brand name distinguishes the product from competitor's product and helps in building Customer's loyalty. As in the given case Radhika decided to give Rice as Malabari Organic Rice as brand name.

••

Business Studies 2015 (Outside Delhi)

Set II

Time allowed : 3 hours

Maximum marks : 80

Note : Except for the following questions, all the remaining questions have been asked in previous set.

7. What is meant by 'liberalization' ? [1]

Answer : Liberalization refers to removal of the government regulations and restrictions on entry and growth in the private sector enterprises.

8. Give the meaning of 'Policy' as a type of plan. [1]

Answer : Policy is a general statement that guides or channelize energy towards a particular direction.

9. What is meant by 'Informal Organisation' ? State its any two advantages. [3]

Answer : Informal Organisation refers to that organisation, which emerges on its own. It is a social structure of organisation, which is opposed to formal organisation.

Advantages of informal organisation :

1. **Faster communication** : Informal organisation follows the independent channels of

communication as there is no prescribed official channel. It leads to faster spread of information as well as quick feedback.

2. **Fulfill social needs** : Informal organisation satisfies social needs of the members, which is not satisfied in formal organisation. It gives them a sense of belongingness, recognition, etc.

14. State any four features of Principles of Management. [4]

Answer : Features of principles of management:

1. **Universal applicability** : Management principles can be applied to all kinds of organisations, irrespective of size and nature. However, the extent of application may vary depending upon nature or size.

2. **General guidelines** : Management principles cannot be used as tailor-made tools, i.e., they do not provide readymade solutions. They have to be adjusted as per the demand of situation. This is so because real business situations are very complex and dynamic.

3. **Flexible** : Management principles are not as rigid as the principles of pure science. Management principles can be modified according to the demand of the situation.
4. **Behavioural** : Management principles are mainly behavioural in nature as they deal with human beings. As human behaviour is subject to change, the outcome of the principles of management would also vary from one situation to another. The managers apply these principles as per the need of the situation and their own creativity.

15. Explain the concept of 'consumer protection' and any three points of its importance from the point of view of consumers. [4]

Answer : Consumer Protection refers to the act of providing adequate protection to consumers against the unscrupulous, exploiting and unfair trade practices of manufacturers and service providers.

Importance of consumer protection for consumers :

1. **Consumer awareness** : Consumers at large are ignorant of their rights and responsibilities and various redressal mechanisms. Therefore, it is important to educate them and make them aware of the same to ensure overall consumer welfare.
2. **Unorganised consumers**: In India, consumers have not yet organised themselves to have powerful consumer movement. Owing to this there is strong need to provide adequate protection.
3. **Widespread exploitation of consumers** : The consumers are widely exploited through various unfair trade practices, such as defective and unsafe products, adulteration, misleading advertising. So consumer protection is absolutely necessary to provide protection against such malpractices of the sellers.

20. What is meant by 'Delegation' ? State any four points which highlight the importance of delegation in an organisation. [5]

Answer : Delegation implies transfer of authority, from a superior to his subordinate. It is an essential concept of an effective organisation as it lowers the burden on the manager and thereby, facilitates the manager to focus on activities that command high priority. Also, the managers can extend his area of operations once he delegates the work to subordinates. In addition to this, it provides the subordinates

with more opportunities for growth. It helps in efficient completion of tasks as the subordinates can now show their skills and exercise initiative. The following points highlight the importance of delegation in effective organising :

1. **Effective management** : Delegation gives employees more time for strategic planning and policy making. It enables the manager to assign the routine tasks to his subordinates and concentrate on broad challenges and opportunities.
2. **Employee development** : Delegation causes subordinates to accept accountability and exercise judgement for solving problems. This helps in training them and improves self confidence and willingness to take decisions.
3. **Motivation** : Delegation motivates the employees to work with greater responsibility. Delegation show the trust and confidence of superior on his subordinates. It provides them satisfaction in terms of recognition and use of authority.
4. **Growth** : Delegation facilitates easy growth and expansion. Delegation helps in the preparation of efficient and experienced managers that can take up leading positions at times of growth of the organisation. That is, workers trained and prepared through delegation contribute to the expansion and growth of the organisation more efficiently.

23. Explain the following principles of management : [6]

(a) Scalar chain.

(b) Harmony, not discord.

Answer : (a) **Scalar chain** : Scalar chain is the chain of superiors ranging from highest authority to the lowest level in the organisation.

It states superior-subordinate relationship and authority of superiors in relation to subordinates at various levels. Scalar chain is crucial to ensure unity of command and effective communication in the organisation. It determines the clear line of authority from top to bottom and serves as a chain of command and communication. As per this principle orders or communications should pass through this scalar chain. However in case of emergency Fayol permitted a shortcut in the chain, known as gang plank. Gang plank allows direct communication between two employees of the same level, without following the scalar chain.

(b) Harmony, not discord : According to this principle, there should be complete harmony and proper understanding between management and workers and they should work together for organisational goals.

Taylor emphasised that there should not be any disagreement or conflict between them. If any clash arise, it should be reduced to minimum.

To get harmonious relations, Taylor stressed on 'Mental Revolution' *i.e.* complete change in their mental outlook. Both should give up their attitude of opposition and enmity towards each other. The management should create suitable and pleasant working environment and workers should work with devotion and loyalty. In short both should have a positive feeling for each other and must cooperate to achieve efficiency.

●●

Business Studies 2015 (Outside Delhi)

Set III

Time allowed : 3 hours

Maximum marks : 80

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

7. Give the meaning of 'Programme' as a type of plan. [1]

Answer : Programme is a combination of objectives, policies, procedures, rules, tasks, and other elements, which are designed to get a systematic working in the organisation.

8. Define 'Coordination'. [1]

Answer : Coordination refers to orderly arrangement of group efforts to provide unity of action in order to achieve organisational goals.

9. State any three features of 'Informal Organisation'. [3]

Answer : Features of Informal Organisation

1. Informal organisation gets created on its own within the formal organisation as a result of personal interaction among employees
2. It emerges to satisfy social and cultural needs and to get psychological satisfaction.
3. In an informal organisation, Information flows/freely without following any specified path or channel.

14. State any four points which highlight the importance of Principles of Management. [4]

Answer : The following points highlight the importance of principles of management :

- (1) **Providing managers with useful insights into reality :** The principles of management improves knowledge, ability and understanding of managers under various managerial situations. They also provide timely guidance, which helps in increasing the efficiency of managers.

(2) **Scientific decisions :** Decision based on management principles tend to be more realistic and free from personal bias. Principles of management have been developed after repeated experiments. So, they help managers to take accurate and balanced decisions.

(3) **Survival growth :** In order to survive and grow, it is compulsory for an organisation to continuously adapt itself as per changing business environment. Management principles provide an effective and dynamic leadership and help the organisation to implement the changes.

(4) **Optimal use of resources :** Principles of management help in the optimum utilization of the available resources. It put human resources and physical resources together for optimum use of them. Thereby, the wastages of resources that may be associated with the trial and error method can be avoided.

15. Explain any two points of importance of 'consumer protection' from the point of view of business and any two points from the point of view of consumers. [4]

Answer : Importance of consumer protection from the point of view of business :

(i) **Long term interest of the business :** In this highly competitive world, business firms can exist in long run only when they satisfy the consumers. Business firms should aim for long term profit- maximisation through customer satisfaction .

(ii) **Social responsibility :** A business has social responsibility towards various stakeholders and consumer is one of the important

stakeholder. So, it is the responsibility of the business to protect their interests.

Importance of consumer protection from the point of view of consumers :

- (1) **Consumer awareness** : Consumers at large are ignorant of their rights and responsibilities and various redressal mechanisms. Therefore, it is important to educate them and make them aware of the same to ensure overall consumer welfare.
- (2) **Unorganised consumers**: In India, consumers have not yet organised themselves to have powerful consumer movement. Owing to this, there is strong need to provide adequate protection.

20. Give the meaning of 'divisional structure' of organizing. State its any four advantages. [5]

Answer : Divisional structure refers to an arrangement where activities are separated on the basis of products. There are different units and divisions which deal with varied products. Each division has its own divisional manager who supervises the whole unit and has the authority for it. Organisations that are large in size and deals in a diversified range of products or categories opt for this type of structure.

Advantages of divisional structure :

1. **Product specialisation** : It leads to specialisation in a particular product as all activities related to one type of product are grouped under one department.
2. **Greater accountability** : In divisional structure, each product department is treated as a profit centre and is accountable for its profit and loss. This provides a base for measuring performance and helps in fixing the responsibility.
3. **Flexibility** : It promotes flexibility and initiative as each division functions as autonomous unit. It leads to faster decision making and greater flexibility.

4. **Expansion and growth** : It facilitates expansion, diversification and growth as new divisions can be added without interrupting the existing operations.

23. Explain the following principles of management :

(a) **Subordination of Individual Interest of General Interest.**

(b) **Development of Each and Every Person to His or Her Greatest Efficiency.** [6]

Answer : (a) **Subordination of individual interests over general interest** : According to this principle, interest of the organisation as a whole must prevail over the interest of the individuals or employees. In an organisation every individual has his own interests. This principle demands that each individual should sacrifice his personal interests for achieving organisational objectives. Organisation is superior to individuals. In case, individual interests and organisational interests differ, it is the duty of the management to reconcile them. If reconciliation is not possible then general interests must supersede individual interests.

For e.g. If a manager's objective is to earn more salary and company is going through financial crisis and wants to cut down its expenses, then manager must sacrifice his interest.

(b) **Development of each and every person to his or greatest efficiency** : According to this principle, management should aim to develop workers to their greatest efficiency and prosperity. The concern for efficiency should start from the selection process. Every organisation should follow a scientific system of selection. The selected workers should be assigned job as per their capabilities. To increase efficiency and to achieve the maximum potential of workers, they should be provided scientific training. The increase in efficiency will be beneficial for both the workers and the organisation.

••

Business Studies 2015 (Delhi)

Set I

Time allowed : 3 hours.

Maximum marks : 80

1. What is meant by 'efficiency' in management? [1]

Answer : Efficiency in management means completion of task or activity correctly within time at minimum cost, with no wastage of resources.

2. How does management help in achieving personal objectives? State. [1]

Answer : Management helps in achieving personal objective and leading in such a way that the individuals member are able to achieve personal goals while contributing to overall organisational objectives.

3. Define 'Planning premises'. [1]

Answer : Planning premises means assumptions relating to future conditions which may affect the attainment of plans.

4. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are coordinated, interlinked, authority responsibility and relationship is established among various job positions. There is clarity on who is to report to whom.

Name the function of management discussed above. [1]

Answer : Organising as the function of management is discussed in the given case.

5. Explain how 'cost of debt' affects the choice of capital structure of a company. [1]

Answer : Cost of debt directly influence the extent of debt to be used in capital structure. If the interest rate on debt is less, more debt is preferred as compared to equity. However, in case of higher cost of debt company prefers more equity.

6. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time.

State with reason, whether the working capital requirements of 'Indian Logistics' will be high or low. [1]

Answer : The working capital requirement of 'Indian Logistics' will be high. This is because the company operates at a large scale and has its arrangement at key locations across the country. Also, it performs various activities to assist the business firms to increase efficiency and more. Thus, the working capital requirement of such a company will be high.

7. 'Beauty Products Ltd' is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No.1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet.

Identify the marketing management philosophy being followed by 'Beauty Products Ltd. [1]

Answer: The marketing management philosophy followed by 'Beauty Products Ltd.' is 'societal marketing concept'. Under this philosophy, the organisations take care of the environment and the ecological aspects in marketing along with the consumer satisfaction as 'Beauty Products Ltd.' uses plant based material only.

8. On Sonika's birthday her mother gave her a

pair of gold earrings, After one month Sonika observed that the earrings are losing their shine. She checked the mark on the earrings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.

Can Sonika appeal against the decision of the district forum? Give reason in supports of your answer. [1]

Answer : Sonika cannot appeal against the decision of the district forum as the maximum number of days she could appeal was 30.

9. What is meant by 'functional structure' of an organisation? State its any two advantages. [3]

Answer: Functional structure is an organisational structural formed by grouping of jobs of similar nature under functions and organising these major functions as separate departments vice production, finance etc.

Advantages of functional structure

(a) **Specialisation :** It promotes specialisation since each department has to perform a specific function. Employees perform similar tasks within a department which improves their efficiency and they attain specialisation.

(b) **Avoids duplication :** It helps in avoiding duplication of functions, efforts and resources, as one single functional department caters to the needs of entire organisation.

10. Explain how the 'product related factors' affect the choice of Channels of distribution? [3]

Answer : Product related factors affect the choice of channels of distribution in the following manner:

(i) **Industrial/consumer product :** In case of industrial products, direct or shorter channels are preferred as products are usually, technical, expensive and bulky and are purchased by few buyers. For consumer products long channels are preferred as the products are standardised, less bulky and frequently- bought products.

(ii) **Perishability :** Perishable products like fruits, vegetables are best sold through short channels, while long channel is preferred for non-perishable products like soap, toothpaste, etc.

(iii) **Unit value of the product :** When unit value

of the product is high i.e. for expensive products it is economical to choose direct or shorter channels. For products with low unit value, longer channels are preferred.

11. Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod. [3]

Answer : Democratic leadership is being adopted by Pramod. Under this style, the leader consults subordinates in the decision making and encourages them to give suggestions in setting goals and implementing decisions. A democratic leader only give orders after consulting the group and works out the policies with the acceptance of the group. This type of leadership wins greater confidence, cooperation, loyalty and initiative of the group. It raises morale of the employees.

12. 'Financial Market plays an important role in the allocation of scarce resources in an economy by performing many important functions.'

Explain any three such functions. [3]

Answer : Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions. Some of the functions are as follows:

- (i) **Mobilise the savings and channelize them into most productive uses :** A financial market helps to transfer savings from savers to investors. It gives savers the choice of different investment options and thus helps to channelize surplus funds into most productive use.
- (iii) **Facilitate price discovery :** Price of anything is determined through market forces of demand and supply. In the financial market household supply funds and business firms make demand. Price of financial assets is determined through their demand and supply.
- (iii) **Provide liquidity to financial assets :** Financial market facilitate easy purchase and sale of financial assets. So, it provides liquidity to financial assets.

13. Neeraj, a sales representative of 'Omida Ltd.'

has changed seven jobs in the last one year. He is a hard working person but is not able to finalize deals with his customers due to inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a misunderstanding between him and his clients.

- (a) Identify the communication barrier discussed above.
- (b) State the category of this communication barrier.
- (c) Explain any other communication barrier of the same category. [3]

Answer : (a) The communication barrier that is being discussed in the given situation is 'badly expressed message'.

- (b) The category of communication barrier that is being discussed in the given situation is 'semantic barriers'. Semantic barriers of communication relate to the use or understanding of language. Sometimes, certain words, sentences or phrases are misinterpreted or misunderstood and in such cases, effective communication is obstructed.
- (c) One of the semantic communication barrier is 'faulty translation'. In certain cases, the proficiency in a language differs among the workers and the managers. In such cases, a translation of the information is required in the language that is understandable to the workers. However, in the process of translation, some of the words or sentences may get misinterpreted.

14. What is meant by 'Business Environment' ? State any three points of its importance. [4]

Answer : Business environment refers to sum total of all the external factors which may affect the business directly or indirectly. It consists of all those conditions and forces external to a business unit, under which it operates.

Importance of business environment:

- (i) **Identification of opportunities :** The external environment provides numerous opportunities for business units. The company, which is more conscious of business environment can take better advantage of opportunities instead of losing them to competitors.
- (ii) **Identification of threats :** Environmental awareness helps an organisation to identify threats to its business interests and acts as

early warning signals. Timely understanding of environment helps to make suitable changes in the organisation.

(iii) **Helps in coping with rapid changes** : A systematic and continuous monitoring of business environment keeps the management updated. It enables the business to cope up with the changes in the external environment by making relevant changes in their internal environment.

15. Explain the following rights of a consumer as provided under Consumers Protection Act 1986 : [4]

(a) Right to be informed; and

(b) Right to seek redressal

Answer : (a) Right to be informed : According to this right, consumer has the right to be informed about the quality, quantity, purity, standard and price of goods or services so as to protect himself from unfair trade practices. Such information protects the consumers from deceptive advertising, misleading labelling, products with expired life, etc. Producers are under legal obligation to provide all the relevant information about the product.

(b) Right to seek redressal : According to this right, consumer has the right to get relief or compensation against any unfair trade practices or exploitation. For example, if a product does not confirm to the specified quantity or quality, then consumer has the right to claim compensation. This right provides number of reliefs, such as replacement of product, removal of defect, compensation for loss suffered, etc. A number of consumer courts and redressal forums have been set up for this purpose.

18. 'Aapka Vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day, a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the functions. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realised that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success

of the function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.

(a) Identify the Principle of Management applied for the success of the programme.

(b) State any two features of Management highlighted in the above para.

(c) Identify any two values which 'Aapka Vidyalaya' communicated to the society.** [4]

Answer : (a) The principle of management applied for the success of the programme is "Esprit de corps". According to this principle, management should take reasonable steps to develop a sense of belongingness and feeling of team spirit among employees.

(b) The features of management highlighted in the given paragraph are :

(i) **Management is a group activity** : Management is a group activity, as it involves the collective efforts of various individuals working in the group. In the given case, the efforts of all the students and prefects were pulled in with mutual trust and support.

(ii) **Management is a goal-oriented process** : Management always aims to achieve certain organisational goals. Management integrates the efforts of all members towards achieving the clearly stated objectives.

20. State any five features of 'Planning.' [5]

Answer : (i) **Primary function** : Planning is a primary function as it is the first task of business management. All other functions of business management such as organising, staffing, directing and controlling are done after planning. Infact, whenever we are going to do any event or activity at first we make plan and accordingly we will perform to obtain desired results.

(ii) **Planning is futuristic** : Planning always means looking ahead or planning is a futuristic function. Planning is never done for the past. All the managers try to make predictions and assumptions for future and these predictions are made on the basis of past experiences of the manager and with the regular and intelligent scanning of the general environment.

(iii) **Pervasiveness** : Planning must be done at all levels of the organisation. Not only confined

** Answer is not given due to change in present syllabus

to the top level. Planning is performed at every level of management. However, its scope differs along the various dimensions of business.

(iv) **Planning is continuous** : Planning should be done continuously. This is because after the completion of one plan period, need arises for formulation of another plan, keeping in views the new objectives and circumstances. Moreover, within a plan period, need may arise to modify the plans as per the changing needs and requirements. Thus, planning does not have an end. It is a continuous process all along the life of a business enterprise.

(v) **Planning involves decision making**: Planning is a process of making choices amongst the different alternatives for the attainment of the desired objectives. Planning help the managers to look into the future and make a choice from amongst various alternative courses of action.

22. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed.

To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.

- Identify the Functions of Management discussed above.
- State the two steps in the process of each function discussed in the above para.
- List any two values which the company wants to communicate to the society. [5]

Answer : (a) Staffing and Controlling functions are discussed in the given case.

(b) **Steps in Staffing function :**

- Estimating manpower requirements.

- Recruitment and selection of suitable candidates for a job.

Steps in Controlling function :

- Setting-up of performance standards, In this case, target of producing 300 bulbs a day was set by the company.
- Analysing deviations to identify the causes of deviations.
- The values that the company wants to communicate to the society are as follows :
 - Encouraging employment opportunities for destitute women and other under-privileged sections of the society.
 - Using environment friendly methods of production.

23. With the help of a diagram explain 'Functional Foremanship' as a technique of Scientific Management. [6]

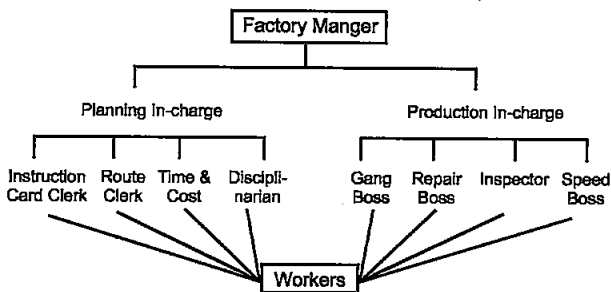
Answer : A foreman refers to a person who is in charge of the operational-level workers. Taylor focused on the importance of the foreman in an organisation. Taylor observed and identified few qualities such as intelligence, tact and judgment that a foreman should have. He found that no single person can have all the required qualities. Therefore, he suggested that instead of a single person, there should be eight persons through which the functions of a foreman should be accomplished. This technique was given the name functional foremanship. According to this technique, the planning and the production functions should be separated. That is, under the manager, there should be one planning incharge and one production incharge. Each incharge should have four personnel under him/her.

The following are the four persons that work under the planning incharge :

- Route clerk** : This foreman has to lay down the sequence of operations in which the work is to be carried out.
- Instruction card clerk** : This foreman lays down the instructions and guideline to the workers.
- Time and cost clerk** : This foreman records the time taken by a worker in completing a work. He also keeps a record of the work done.
- Disciplinarian** : He is responsible for discipline and systematic performance of the job.

The following are the four persons that work under the production incharge :

1. **Gang boss :** Gang boss is responsible to keep machines, materials, tools, etc., ready for the workers.
2. **Speed boss :** This foreman has to ensure that the work is accomplished in the right time and according to the specified speed.
3. **Repair boss :** This foreman is responsible for upkeep of machines and equipment in an efficient and working order.
4. **Inspector :** He is responsible for the quality of work. He brings a spirit of quality consciousness in the minds of workers.



25. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.

The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables. [6]

Answer : Variables used by Hayaram to prepare its market offering are as follows:

- (i) **Product :** It refers to the combination of various aspects relating to the product or service to be offered for sale. It relates to decision regarding planning, designing and developing the right type of product and service for the consumers. It includes branding, labelling and packaging.
- (ii) **Price :** Mix involves different Pricing Method, Pricing strategies, Pricing Policies and Price Changes. It involves decisions regarding the basic price of the product, discount allowance and terms of payment etc.
- (iii) **Place/Physical Distribution :** It include activities that make firm's product available to the target customers. It consist of all the activities involved in transferring ownership and physical possession of the product to the consumers. It consists of physical distribution i.e. activities involving the movement of product or services from producers to consumers as well as channels of distribution i.e. the route through which the goods move from the producer to the consumer
- (iv) **Promotion :** It consists of all activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.

••

Business Studies 2015 (Delhi)

Set II

Time allowed : 3 hours

Maximum marks : 80

Note : Except for the following questions, all the remaining questions have been asked in previous set.

7. What is meant by 'coordination' in management? [1]
Answer : Coordination refers to orderly arrangement of group efforts to provide unity of action in order to achieve organisational goals.
8. Define 'Planning'. [1]
Answer : Planning is to decide in advance what is to be done. It is a process of setting up of

objectives for a given time period, formulating various course of action to achieve them and selecting the best possible alternative.

9. What is meant by 'Divisional Structure' of an organisation? State its any two advantages. [3]
Answer : Divisional Structure refers to an organisational structure in which various departments are created on the basis of product territory or region.
 Advantages of divisional structure :
 1. **Product specialization :** It leads to speciali-

zation in a particular product as all activities related to one product are grouped under one department.

2. **Greater accountability** : In divisional structure, each product department is treated as a profit centre and is accountable for its own profit or loss.

14. **What is meant by principles of management? State any three points of their importance.** [4]

Answer : Management Principles are guidelines for taking management decision. They are the general premises that are applicable in different situations and may vary in their application by different managers.

The following points highlight the significance of principles of management :

- (i) **Insights to reality** : Principles of management are based on years of experimentation and experience. Thus, these principles guide the managers when they face real-world problems. Managers can use them in different situation to solve recurring problems.
- (ii) **Logistic decisions** : Decisions regarding the management should be taken carefully. They should be based on reasons and proofs rather than beliefs and ignorance. As principles of management were developed from real-life problems, they stand the test of logic and reasoning. Thus, principles of management help managers in taking logical decisions that are free from personal bias.
- (iii) **Basic education of management** : These principles form the basic roots of management education. Without them, management as a discipline could not have been developed. In other words, management principles form an important part of the management curriculum. In addition, they also form the basis of further research on management techniques and methods.

15. **Explain the following rights of a consumer as provided under Consumer Protections Act 1986 :** [4]

- (a) **Right to Safety**; and
(b) **Right to be Heard.**

Answer : (i) **Right to Safety** : Every consumer has a right to be safeguarded against the goods and services that are hazardous to life, health and property. It includes the right to be safeguarded against exploitation through the use of any such products. For example, manufacturing defects in electrical appliances and cooking gas cylinders can be injurious. Thus, the consumer has the

right to be protected against such products.

- (ii) **Right to be Heard** : In case of any grievance or dissatisfaction, a consumer has the right to file a complaint. A consumer can file a legal complaint and seek redressal against any form of exploitation in appropriate forums established by the government, which include District Forum, State Forum and National Forum. Nowadays, many consumer organisations and associations are also working in this direction.

20. **State any five points which highlight the importance of delegation of authority.** [5]

Answer : The following points highlight the importance of delegation of authority :

- (i) **Managerial efficiency** : Delegation of work to subordinates helps a manager to concentrate on other areas of concern. Besides, it provides him the opportunity to explore new work techniques. For example, if a manager delegates the basic work to his subordinate, he can put his mind into exploring ways to improve efficiency.
- (ii) **Employee development** : Delegation makes subordinates to accept accountability and exercise judgement for solving problems. This helps in training them and improves self confidence and willingness to take decisions.
- (iii) **Motivation** : Delegation motivates the employees to work with greater responsibility. Delegation shows the trust and confidence of superior on his subordinates. It provides them satisfaction in terms of recognition and use of authority.
- (iv) **Growth** : Delegation facilitates easy growth and expansion. Delegation helps in preparing efficient and experienced managers that can take up leading positions at times of growth of the organisation. In other words, workers trained and prepared through delegation contribute towards the expansion and growth of the organisation.
- (v) **Better coordination** : The three elements of delegation *viz.*, authority, responsibility and accountability help to define powers, duties and answerability related to various job positions. It provides clarity in duties to be performed and avoids overlapping and duplication of work. Such clarity helps in bringing effective coordination among the departments, levels and functions of management.

23. **Explain the following techniques of scientific management:**

- (i) Differential piece wage system; and
(ii) Motion study. [6]

Answer : (i) **Differential piece wage system:** Under this technique, wages are decided according to a set standard. The workers who perform better than the set standards get higher wages than the workers who perform below the standards. Taylor introduced this system to differentiate the efficient workers from the inefficient ones and reward them accordingly. For example, suppose the standard output of per worker per day is determined as 50 units. So, it was decided that those workers who made more than or equal to the standard will get ₹30 per unit and those who made less than the standard will get ₹25 per unit. In this way a difference is

made between efficient and inefficient workers.

- (ii) **Motion study :** As the name suggests, motion study refers to the study of motion (movements) involved while undertaking a task. This technique aims at removing the unwanted action/motions so that the work can be completed in lesser time. Taylor, along with his associate Frank Gaiberth, observed the motions of a worker and categorized them as productive, incidental and unproductive. They demonstrated that by eliminating the unproductive movements, productivity can be increased. For example, in brick layering, they demonstrated that productivity increased by nearly 4 times by reducing the motions from 18 to 5.

••

Business Studies 2015 (Delhi)

Set III

Time allowed : 3 hours

Maximum marks : 80

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

7. What is meant by 'effectiveness' in management? [1]

Answer : Effectiveness in management concerned with doing the right task/completing activities/achieving goals within the prescribed time.

8. Define 'Formal Organisation'. [1]

Answer : A formal organisation structure is a well-defined structure of authority and hierarchy that clearly specifies the boundaries of authority and responsibility in an organisation. The rules and policies to be followed are clearly stated. A formal organisation structure is deliberately created by the managers of an organisation to ensure its smooth and systematic functioning.

9. State any three limitations of 'divisional structure' of an organisation. [3]

Answer : Limitations of divisional structure are :

- (a) **Departmental conflicts :** Conflict may arise among different departments with respect to allocation of funds. Particular department may seek to maximise its profit at the cost of other departments.
(b) **Costly :** Each product division has to maintain

its own facilities, equipments and personnel. It may lead to increase in operating cost.

- (c) **Ignore organisational interests :** Divisional structure provides managers with the authority to supervise all activities related to a particular division. Managers focus on their own product without thinking of the rest of the organisation.

15. Explain the following rights of a consumer as provided under Consumer Protection Act 1986: [4]

- (a) Right to Choose; and
(b) Right to Consumer Education.

Answer : (a) **Right to choose :** According to this right, every consumer has the right to choose from a variety of goods and services at competitive prices. This implies that the marketer should offer wide variety of products and allow the consumer to make choice from amongst those. Marketer should not force the customer to buy a particular brand. Consumer must have complete freedom to compare the various products and choose the most suitable one.

- (b) **Right to consumer education :** According to this right, consumer has the right to acquire knowledge and skills to be an informed consumer. Consumer must know the rights and reliefs available to him in case a product falls short of his expectations. To promote

awareness Government has taken several measures, such as campaign of 'Jago Grahak Jago' or inclusion of consumer education in school and university courses. Many consumer organisation and business firms are also taking active part in educating consumers.

20. State any five limitations of 'Planning' function of management. [5]

Answer : Limitations of planning :

- (a) **Planning leads to rigidity** : A plan is a norm or blueprint to achieve the desired objective. The employees and manager become accustomed to a set method of doing work. So there is no scope for manager or worker to use their experience and ability, which results in rigidity.
- (b) **Planning may not work in dynamic environment** : The rapidly changing situation present a serious difficulty in the task of planning. There are continuous changes in business environment, so forecaste in difficult to forecaste in such dynamic environment.
- (c) **Involves huge cost and expensive** : Planning involves collection and analysis of data, setting planning premises, application of various forecasting techniques like trend analysis, correlation, etc. determining alternative course of action and so on. All these make planning a costly process.
- (d) **Planning reduce creativity** : It is the activity which is done by the top management and rest of the employees have to implement it. They are neither allowed to deviate from plan or permitted to act their own. Due to this the creativity in managers and employees are lost.
- (e) **Planning does not guarantees success**: Success of planning rest on its implementation. Lack of proper implementation lead to failure of

planning even if the plan has worked earlier may not work again due to no change in external environment.

25. Explain the following techniques of Scientific Management:

(i) Time study; and

(ii) Simplification of work. [6]

Answer : (A) Time study : Time study refers to a technique, which is used to determine the standard time taken by a worker of reasonable skills and ability to perform a well defined job. It helps in determining how much work an employee should be able to do in a given period of time. Under time study, the job is divided into a series of elements and time taken to perform each element of work is recorded with time measuring devices like stop watch. The method of time study depends upon volume and frequency of the task.

Objectives of time study :

- (i) To determine standard time required for a well defined job.
- (ii) To determine fair day's work
- (iii) To determine number of workers required.
- (iv) To determine labour costs.

(B) Simplification of work : Simplification refers to eliminating unnecessary varieties, size and grades of the product manufactured by the organisation. It aims at fuller utilisation of the resources, reducing inventories and inversing the turnover. It helps in reducing the cost of labour and machines.

For example, it is all right for a shoe manufacturing company to manufacture shoes of 0, 1, 2, 3, 4, 5, sizes but if it starts manufacturing shoes of 0, 0.5, 1, 1.25, 1.5, 1.75, 2, 2.25, 2.5, 2.75, 3, it will be simply wrong. There is no justification in the difference of such sizes. In such a situation different types of machines have to be installed, more stock have to be maintained and increased labour costs shall have to be borne.

Students don't need to purchase any Guide, Question Bank or Sample/model paper from market. All material will be available on this website in the form of free PDFs by 30 September. On website www.cbsepdf.com following materials will be provided :

1. NCERT Solutions
2. Previous Years Papers (2011-2019)
3. Previous Years Chapterwise Question Bank
4. 20 Solved Sample Paper

Students can download from following website

www.cbsepdf.com

A mission for free content for all.