

Business Studies 2016 (Outside Delhi)

Set I

Time allowed : 3 hours

Maximum marks : 80

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]

Answer : No, management is not only concerned with doing the right task, completing activities and achieving goals but it also takes into consideration the cost benefit. It is one of the importance of management that it increases the efficiency which means management minimises the costs and increases the productivity through the optimum utilisation of resources.

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

Answer : Organising refers to the process of identifying and grouping various activities and bringing together physical, financial and human resources and establishing productive relation among them for achievement of specific goals.

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

Answer : Divisional structure promotes flexi-

bility and initiative.

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

Answer : Route clerk is concerned with determining the exact sequence in which various operations are to be performed.

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]

Answer : The aspect of financial management that enables to foresee the fund requirements both in terms of 'the quantum' and 'the timings' is "Financial Planning". Financial planning involves designing the blueprint of overall financial operations of a company so that the adequate funds are available for various operations at the right time.

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. [1]

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

Answer : The factor affecting fixed capital requirements which made Rizul Bhattacharya to choose furniture business over mobile phones is 'Technology upgradation'.

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

Answer : The Transportation or Physical distribution function of marketing is concerned with the cost and location of target market.

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]

Answer : 'Right to Seek Redressal' is the consumer right which is exercised by Suman.

9. Define 'Planning'. Explain the first two steps in the process of planning. [3]

Answer : "Planning is deciding in advance what to do, how to do and who is to do it, planning bridges the gap between where we are and where we want to go. It makes it possible for things to happen."

Process of planning :

(i) **Setting-up of the objectives :** The manager set up very clearly the objectives of company keeping in mind the goals of the company and the physical and financial resources of the company.

After setting up the goals, the clearly defined goals are communicated to all the employees.

(ii) **Developing premises :**

- Premises refers to making assumption's regarding future.
- Premises are the base on which plan's are made.
- It is a kind of forecast made keeping in view existing plans and any past information about various policies.

- There should be total agreement on all assumptions.

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]

Answer : (a) The two communication barriers because of which 'Unibie Enterprises' was not able to achieve its target are :

(i) **Organisational barrier :** Organisational barrier is one of the reason because of which 'Unibie Enterprise' was not able to achieve its targets as the policy of the organisation was based on centralized decision making i.e. all decisions of enterprises were in the hands of Michel's father.

(ii) **Personal barrier :** Personal barrier is one of the reason because of which Unibie Enterprise was not able to achieve its targets, was lack of confidence of superior in his subordinate.

(b) **Organisational barrier :** Rigid rules and regulations hamper effective communication. Such roles of strict channels of communication makes communication process complex and leads to delay in the flow of information.

Personal barriers : A freeflow of communication will not take place if the superior does not disclose full information to his subordinate. Such a situation occurs when the superior feels threatened of losing power by sharing information with subordinate.

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 Executive 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 trust worthy, if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed

for the same. Miss Rama Wadhawa 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]

Answer : (a) The internal / external sources of recruitment used by Montac Enterprise Ltd. to fill the various positions are:

(i) For the post of Human Resource Manager - Promotion.

(ii) For the post of Marketing Head - Placement agencies and management consultants.

(iii) For the post of Assistant Manager - Casual callers.

(b) Merits of above identified sources of recruitment are:

Promotion : Boosts employee morale and induces better performance.

Placement agencies and management consultants : Helps in inducing the right talent in the organisation because of their expertise and specialization in the field of hiring fresh candidates.

Casuals callers : Cheapest source of recruitment.

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 crores 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 crores. Mukand earned a profit of ₹ 2 crores. 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]

Answer : The two functions performed by SEBI in the given case are :

(i) Regulatory functions, and

(ii) Protective functions.

Lines from the paragraph which indicate the functions performed are :

Regulatory functions : Regular inspection and by conducting enquiries of the brokers involved.

Protective functions : Imposed a heavy penalty on Vikas Mehra.

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

Answer : Under the Consumer Protection Act, a consumer is defined as :

(a) Any person who buys any goods for a consideration, which has been paid or promised, or partly paid or partly promised, or under any system of deferred payment. It includes any user of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.

(b) Any person who hires or avails of any service, for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment. It includes any beneficiary of services when such services are availed of with the approval of the person concerned, but does not include a person who avails of such services for or commercial purpose.

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

Answer : Management is a process of getting things done through other with the aim of achieving goals effectively and efficiently.

Three features that establish management as an Art are :

(1) **Application of theoretical knowledge :** Like art, management involves the application of theoretical knowledge, principles and theories developed by various management theorist.

(2) **Involve creativity and practice :** A manager has his own creativity in applying management techniques, principles and theories to achieve organisational goals.

(3) **Personalised application :** Like art, management is also personalized as every manager has its different working style to solve different problems coming in achieving organisational goal.

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]

Answer : The dimensions of business environment are :

(i) **Social environment :** 'Change in consumption habits of people'. Social environment includes the attributes of a society in which an organisation operates, e.g., customs and traditions, values, social trends, society's expectations from business etc.

(ii) **Technological environment :** Technological environment of business includes forces relating to scientific improvement and innovation which provides new ways of producing goods and services and new methods and techniques of operating business e.g. created website chocolove.com for taking online orders.

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 coordination 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]

Answer : (a) In 'My Car Ltd.', informal organisation permits the flow of communication in all the directions.

(b) The advantage of informal organisation is fulfilment of social needs. An informal organisation allows for personal communication beyond the officially defined rules. This enables the employees to interact with like-minded colleagues. This unofficial interaction provides a sense of belongingness among the employees towards one another and towards the organisation.

(c) Two values which 'My Car Ltd.' wanted to communicate to the society are :

- (i) Fulfilling social responsibility.
(ii) Working for the benefit of the employees.

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 goals. 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 utilize 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]

Answer : The element of the function of management used by CEO is 'Motivation'. This is because an employee does not act in a desired manner when he feels demotivated. But a change in the travel policy had a positive impact on employees and they start acting in a manner desired by the leader which is possible only with the help of motivation.

Features of Motivation :

- (a) It is an internal feeling as the urges, drives or needs of human beings which influence human behaviour are internal.
- (b) It produces goal directed behaviour as it stimulates people to accomplish desired goals.

(c) It can be positive in the form of positive rewards or negative like punishment desired goals.

(d) It is a complex process as any type of motivation may not have a uniform effect on all the members.

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]

Answer : (a) The communication tool used by the marketer to improve its image is "Public Relations".

It refers to the activities undertaken by an organisation to promote and protect the image of an organisation or its products. It aims at strengthening the relations of an organisation with its stakeholder's.

(b) Role of Public Relations :

(i) **Communicating new development** : Public relation is a good tool to communicate new developments in the organisation.

(ii) **Image building** : It helps an organisation in building a positive image for its products. Moreover, an organisation facing a negative publicity can use public relations to improve its image and reputation.

(iii) **Supplement to advertising** : The public relation helps in strengthening the image to the product through press releases, sponsoring event, etc. It act as a supplement to advertising.

19. State the functions performed by financial market. [4]

Answer : Functions of financial markets :

1. **Mobilization of fund** :

(a) A financial market facilitates the transfer of savings from saver to investors.

(b) It gives savers the choice of different investments and thus helps to channelise surplus funds into the most productive use.

2. **Facilitating price discovery** :

(a) In the financial market, the households are the suppliers of funds and business firms represent the demand.

(b) Such forces of demand and supply helps to establish a price for the financial asset which is being traded in that particular market.

3. **Providing liquidity to financial assets** :

Financial markets provide liquidity to financial assets by facilitating easy purchase and sale of financial assets, through the mechanism of financial market.

4. **Reducing the cost of transactions** :

(a) The financial markets reduce the cost of transactions by providing a common platform where buyers and sellers can do the purchase and sale of financial assets.

(b) It helps to save time, cost and efforts in searching for counter parties.

20. Two years ago Mayank obtained degree in food technology. For some time he worked in a manufacturing company of Bread and Biscuits. He was not happy in the company and decided to have his own Bread and Biscuits manufacturing unit. For this he decided the objectives, 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 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, areawise 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]

Answer : Different types of plans discussed in the paragraph are :

(i) **Objective** : An objective is the goal that a management desires to achieve. By stating the objective, the management broadly defines what

is to be done. For example. "One of his objective was to earn 50% profit on the amount invested in the first year."

(ii) **Policy** : A policy is a general statement that aims at channelising the efforts of the organisation in a particular direction. It forms the general response or a course of action to be followed in a particular situation.

For example : "Raw materials like flour, sugar, salt, etc. will be purchased on two months credit"

(iii) **Procedure** : 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. For example.

'He also decided to follow the step 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."

(iv) **Rule** : A rule is a statement that specifies what is to be done or not be done. For example—'While working on the production table a penalty for 150 per day was announced for not wearing the helmet, gloves and apron by workers.

(v) **Budget** : 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. For example

'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 product, are wise for the forth coming quarters.'

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.

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

[5]

Answer : (a) (i) Formal communication : "When the General Manager came to know about it he ordered for fumigation in the company premises and cleaning of the surroundings".

(ii) **Informal communication** : "Colleague sent a text message to his superior Mr. B. Chatterjee". "Mr. B. Chatterjee sent a text message to the employees of the organisation requesting them to donate blood for Prateek".

(b) Features of informal communication are :

(i) Communication that flows without following the formal defined path.

(ii) Arises out of social interactions among the employees.

(c) Two values that are being communicated to the society are :

(i) Concern for the environment.

(ii) Sensitivity towards health.

22. State the steps in the controlling process. [5]

Answer : Steps involved in the controlling process :

(a) **Establishment of standards** :

(i) The first step in the controlling process is setting up of performance standards.

(ii) Standards are the criteria against which the actual performance would be measured. Thus, standards serve as benchmarks towards which an organisation strives to work.

(iii) Standards can be set in both quantitative and qualitative terms.

(b) **Measurement of actual performances** :

(i) Once performance standards are set, the next step is measurement of actual performance.

(ii) Performance should be measured in an objective and reliable manner.

(iii) There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports, etc.

(iv) 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** :

(i) This step involves comparison of actual performance with the standards. Such comparison will reveal the deviation between actual and desired results.

(ii) Comparison becomes easier when standards are set in quantitative terms.

(d) **Analysing deviation** :

(i) Some deviation in performance can be expected in all activities. It is therefore important to determine the acceptable range of deviations.

- (ii) Also, deviation in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Critical point control and management by exception should be used by manager in this regard.

Critical point control : It is not easy and economical to keep check on each and every activity, so control should focus on key result areas (KRAs) which are critical to the success of an organisation. These KRAs are set as the critical points, if anything goes wrong at the critical points, the entire organisation suffers.

Management by exception : Management by exception, which is often referred to as control by exception, is an important principle of management control, based on the belief that an attempt to control everything results in controlling nothing.

(e) Taking corrective action :

- (i) The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits.
- (ii) When 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.
- (iii) Corrective actions might involve training of employees if the production target could not be met.

23. Describe any four characteristics of 'coordination'. [6]

Answer : Four characteristics of 'coordination' are :

- (i) **Ensures unity of action :** It unifies the action of individuals and departments to achieve the organisational goal. For example, in an organisation different departments coordinate with each other, so that organisation's objective is achieved.
- (ii) **Unifies individual's effort :** In an organisation, individuals have different interests. Coordination integrates the efforts of the individuals towards the set targets and goals of the organisation.
- (iii) **Continuous Process :** Coordination is a never ending and a continuous process. It begins right from the stage of planning where goals and objectives are set for the organisation. Coordination is then required between the stage of planning and staffing so that right kind of people are hired for the organisation. The functions of directing and controlling should also be coordinated with each other so as to realize the achieve-

ment of desired goals. It ensures that work is performed as per planned targets.

(iv) **Involves managers :** Coordination is an activity that involves the managers at all levels. The top-level managers perform it to ensure the overall welfare of the organisation. The middle level managers practise it to ensure that the top level and lower level managers work together in an harmony. The operational level managers perform it to ensure that work goes on according to planned targets.

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

Answer : (a) Profit before Interest and Tax = ₹ 8,00,000.

Interest on 10% Debentures

$$= ₹ 4,00,000 (40,00,000 \times 10/100)$$

Profit before Tax = Profit before Interest and Tax - Interest

$$= 8,00,000 - 4,00,000$$

$$= ₹ 4,00,000$$

$$\text{Tax @ 40\%} = ₹ 1,60,000 (4,00,000 \times 40/100)$$

Profit after Tax = Profit before Tax - Tax

$$= 4,00,000 - 1,60,000$$

$$= ₹ 2,40,000$$

$$\text{EPS} = \text{Profit after Tax} / \text{No. of Equity Shares}$$

$$= 2,40,000 / 6,00,000$$

$$= ₹ 0.4$$

(The face value of equity share is assumed to be ₹ 10 each. Hence, no. of equity shares is 6,00,000)

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

(b) The three factors that favour the issue of debentures by the company as part of its capital structure are :

- (i) **Tax deductibility :** Interest paid by the company to its debenture holders is tax deductible. In the above scenario the company is paying tax @40%. Thus, it is beneficial for the company to

issue debentures.

(ii) **Say in management** : In the given scenario, the company already has a share capital of ₹ 60,00,000. Issuing more shares will dilute the control of management. Thus, companies that are apprehensive of the dilution of control opt for more of debt and less of equity.

(iii) **Relatively low cost** : For a company, cost of raising capital of debentures is relatively lower than that through equity. This is due to guaranteed repayment that debenture holders require lower rate of returns. Besides this, interest amount repayable to debenture holders is deductible expense. So the interest amount is deducted from the company's earning and then the net amount is used for calculations of tax liabilities. Hence companies prefer to opt for debentures, as higher use of debt, lowers the overall cost of capital with cost of equity remaining unaffected.

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]

Answer : (a) The aspect neglected by the marketer in the above case is "Labelling".

(b) Functions of labelling are :

(i) **Identification and differentiation** : Labelling helps in easy identification of the product. It helps the consumer to differentiate one products from other products. A label also provides other valuable information such as name, address of the manufacturer, net weight, max. retail price, batch no., etc.

(ii) **Description of use and contents** : The main function performed by labelling is to provide description about the product regarding its use, application, contents, cautions, etc. For example, on food products like maggi cuppa mania, a picture of noodles is there describing its appearance. Along with this, the ingredients and procedure of making it is also stated.

(iii) **Standardising and grading** : A label helps in setting grades for the product. This helps the marketers to classify the product in different categories based on specific quality and feature.

(iv) **Promotes the production** : An attractive label helps the marketers in promoting the product as well. It helps in attracting more customers towards the products. For example, in the case of maggi noodles, the label says "taste bhi, health bhi".

(v) **Provides information required by law** : Label also provides and mentions the information which are required to be mentioned as per the law, For example, on the packet of tobacco, it is mandatory to write warning that 'chewing tobacco is injurious to health'.

Business Studies 2016 (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 sets.

7. Give the meaning of 'Delegation'. [1]

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

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

Answer : The role of Inspector as a foreman in Functional foremanship is to check the quality of the work and to see that work conforms to the standards set by the planning department.

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

Answer : Limitations of planning function of management are :

(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 it become difficult to forecast 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.

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

Answer : Features of management that do not establish it as a profession are :

(i) **Restriction to entry :** The entry to a profession is restricted through a prescribed qualification. But there is not restriction of anyone being appointed as a manager in nay business enterprises.

(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 as association.

(ii) **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 basis purpose of management is to help the organisation achieve its stated goal which may be profit maximization. However, profit maximization 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.

19. State any four functions of 'Secondary - Market'. [4]

Answer : The Secondary market is also known as the Stock market or Stock exchange. It is a market for the sale and purchase of existing securities.

Functions of Secondary market are :

(a) **Providing liquidity and marketability to existing customers :**

(i) Stock exchange provides a central market where securities can be bought and sold.

(ii) Stock exchange gives investors the chance to disinvest and reinvest.

(b) **Pricing of securities :**

(i) Prices of securities are determined by the forces of demand and supply for the securities.

(ii) A stock exchange is a mechanism of constant valuation through which the prices of securities are determined.

(c) **Contribution to economic growth :**

(i) A stock exchange is a market in which existing securities are traded.

(ii) Through the process of disinvestment and reinvestment savings get channelised into their most productive investment avenues. This leads to capital formation and economic growth.

(d) **Spreading of equity cult :** The stock exchange can play a vital role in ensuring a wider share ownership by regulating new issues, better trading practices and taking effective step in educating the public about investments.

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

Answer : Five points that highlight the importance of controlling are :

(a) **Accomplishing the organisational goals :** The controlling function measures the progress towards the organisational goals and identify the deviations, if any, and indicates corrective action. It thus, guides the organisation and keeps it on the right track so that organisational goals can be easily achieved.

(b) **Judging accuracy of standards :** A good control system enables management to verify whether the standards set are accurate and objective are achieved. An efficient control system keeps a careful check on the changes taking place in the organisation as well as in the environment and helps to review and revise the standard in light of such changes.

(c) **Making efficient use of resources :** By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. Controlling ensures that resources are used in the most effective and efficient manner.

(d) **Improving employee motivation :** A good control system ensures that employee know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It thus, motivates them and helps them to give better performance.

(e) **Ensuring order and discipline :** Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employee by keeping a close check on their activities.

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

Answer : Nature of principles of management :

(a) **General guidelines :** The principles of

management are general guidelines to managerial action but do not provide readymade, solution to all managerial problems.

(b) Formed by practice and experimentation: Management principles are developed through observation and experimentation as well as personal experience of manager.

(c) Contingent: The application of management is contingent or dependent on the situation faced by the managers.

(d) Flexible : Management principles are not rigid, they are flexible and can be modified by the manager as per situation.

(e) Universal applicability : Principles of management are applicable to all type of organisation (business or non-business, private or public, big or small, etc.).

(f) Behavioural : They are behavioural in nature because they aim at influencing the behaviours of human being.

●●

Business Studies 2016 (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 'Decentralisation'. [1]

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

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

Answer : Role of "Gang Boss" in functional foremanship is to keep machines, materials, tools, etc. ready for operation by workers.

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

Answer : Importance of planning :

(a) Planning provides direction : Planning is directed towards achieving the objectives of an enterprises. It ensures that goals are clearly defined so that they act as a guide for what actions are to be taken and in which direction.

(b) Promote innovative ideas : Planning is an intellectual process. It encourage logical and systematic thinking and require continuous application of innovative ideas.

(c) Planning establishes standards for controlling : Plans provide the standards against which the actual performance is compared. Without plans, managers cannot evaluate the performance of their subordinates. Deviation of actual results from the standards indicates the nature of corrective actions needed. Therefore, planning may be said to provide the basis for control.

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

Answer : Management is the process of getting things done through others with the aim of achieving organisational goals effectively and efficiently. The features that establish management as social science are :

(a) Principles based on observations and experiments: Management principles have been developed through repeated experimentation and observation of a large number of managers of different organisations.

However, since management deals with human beings the outcome of these experiments can neither be accurately predicted.

(b) Universal validity : Principles of science have universal validity. However principles of management are not as exact as science and their application is not universal. Their use and application has to be modified according to given situation.

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

Answer : Four methods of floatation of new issue in the primary market are :

(a) Offer through prospectus : This involves inviting subscription from the public through issue of prospectus. A prospectus makes a direct appeal to investors to raise capital, through an advertisement in newspaper and magazines.

(b) Offer for sale : Under this method securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stock brokers. In this case, a company sells securities at an agreed price to

brokers who in turn resell them to the investing public.

(c) Private placements : Private placement is the allotment of securities by a company to institutional investors like LIC, UTI, etc. and some selected individuals. It helps to raise capital more quickly than a public issue.

(d) Right issue : This is a privilege given to existing shareholders to subscribe to new issue of shares according to the terms and conditions of the company.

The shareholders are offered the 'right' to buy new shares in proportion to the number of shares they already hold.

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

Answer : Planning refers to the psychological process of thinking and deciding about what is to be done and how is it to be done.

Controlling refers to the process of managing and evaluating the work done in accordance with the standards and taking corrective measures, if there are any deficiencies.

Relationship between planning and controlling function:

(i) Controlling takes place on the basis of standards developed by planning because if standards are not set in advance, managers have nothing to control.

(ii) Planning without controlling is meaningless because once a plan became operational, controlling ensure that the tasks are performed as per plans.

(iii) Planning is prescriptive whereas controlling is evaluative because planning prescribes an appropriate course of action while controlling evaluative whether decisions have been translated into desired action.

(iv) Planning and controlling both are forward looking because plans are prepared for the future while controlling seeks to improve the future on the basis of past experience.

(v) Planning and controlling are both looking back because planning is guided by past experiences while controlling compare actual

performance with the standards set in the past.

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

Answer : Importance of principles of management are :

(a) Providing managers with useful insights into reality: The principles of management provide the managers with useful insights into real world situations. Adherence to these principles will add to their knowledge, ability and understanding of managerial situations and circumstances. It will also enable managers to learn from past mistakes and conserve time by solving recurring problems quickly. As such management principles increase managerial efficiency.

(b) Optimum utilisation of resources : Human and material both resources available with the company are limited. They have to be put to optimum use.

By optimum use we mean that resources should be put to use in such a manner that they should give maximum benefit with minimum cost. Principles equip the managers to foresee the cause and effect relationships of their decisions and actions.

Through managerial principles, establishing objectives, policies become easier which helps effective administration.

(c) Meeting changing environment requirements : In order to survive and grow, it is compulsory for an organisation to continuously adapt itself as per changing business environment. Management principles train the managers to adopt the changes in technology in right direction.

(d) Fulfilling social responsibility : Management theory and management principles have also evolved in response to the increased social responsibility.

Business has its own responsibility not only towards the shareholders but also towards workers, customers, society and the government. Management has to discharge all these responsibilities.



Business Studies 2016 (Delhi)

Set I

Time allowed : 3 hours

Maximum marks : 80

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

1. "Management is the process of getting thing done." State the meaning of the term 'process' used in this statement. [1]

Answer : Process in this statement refers to the series of functions or activities that management performs to get things done. These functions include Planning, Organizing, Staffing, Directing and Controlling.

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

Answer : Authority refers to the right of an individual to command his/her subordinates and to take action within the scope of his position.

3. Name the type of 'organisational structure' which promotes efficiency in utilization of manpower. [1]

Answer : Functional Structure is the type of organisational structure, which promotes efficiency in utilization of manpower.

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

Answer : The size of assets, profitability and competitiveness are all affected by capital budgeting decision or investment decision.

Investment decision refers to how the firms find are invested in different assets so as to earn the highest possible return to the investor.

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]

Answer : The factor affecting the fixed capital requirements of 'Fashionate Pvt. Ltd.' is level of collaboration. At times, business organisations undergo collaboration with each other and jointly establish certain facilities, and hence reduces the individual organisation's requirement for fixed capital.

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

Answer : Promotion is the marketing function that is concerned with informing the customers about the firm's products.

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]

Answer : Manuj exercised – Right to be informed. In this case, Manuj could not see the ingredients used in the chips as they were not legible. Since, a consumer has the right to be completely informed regarding the quality, quantity, price, ingredients, weight, etc. of goods and services, so he exercised this right.

9. Explain any three features of 'planning.' [3]

Answer : Features of planning are :

(a) **Planning is pervasive :** The very first function of every organisation is planning as it is required at all levels of management as well as in all departments of the organisation.

(b) **Planning involves decision-making :** In planning we choose the best alternative among various alternative courses of action. It involve examination and evaluation of each alternative and choosing the most appropriate one.

(c) **Planning is a mental exercise :** Planning requires application of mind and sound judgement. It is an intellectual activity of thinking

rather than doing work because planning determines the actions to be taken.

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

Answer : The functions performed by Non-governmental Organisations (NGOs) for consumer protection are :

(a) **Consumer education :** The NGOs and consumer organisations organize various training programmes and workshops to educate the consumers about their rights and responsibilities.

(b) **Publishing journal :** In addition to the training programmes and seminars they also spread awareness through journals. These journals provide knowledge about various consumer problems, legal remedies available and other such matters.

(c) **Testing quality of the products :** They carry out the quality test for various products in laboratories and publish the results. Such results help the consumers in making choices.

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

Answer : Importance of management are :

(a) **Management helps in achieving group goals :** Management helps in achieving the goals of the organisation by assembling and organizing the necessary resources and building the proper organisation structure, which acts as a vehicle to reach the desired result.

(b) **Aim at increasing efficiency :** Management increase efficiency by reducing cost and increasing productivity through better planning, organizing, directing and controlling the activities of organisation.

(c) **Create dynamic organisation :** In order to be successful, an organisation must change itself and its goals according to the needs of

environment. Management helps employees to adapt changes so that the organisation is able to maintain its competitive edge.

(d) **Help in development of society :** Management helps the society to develop through providing good quality of products at reasonable rate, increasing employment opportunities, adopting new technology and leading the path towards growth and development.

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 organized 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]

Answer : The dimensions of business environment as discussed in above case are :

(i) **Economic environment :** "A recent cut in the interest on loans announced by the bank".

Economic environment comprises of the economic variables such as interest rates, income, stock markets indices, etc. that affect the functioning of the enterprise. For example, an increase in the income of the consumers increases the demand for goods and services of the enterprises. Similarly, a fall in the interest rates of the loans for consumer durables increases the spending capacity and thereby increases the demand for such products.

(ii) **Technological environment :** "Develop cars to be powered by fuel produced from garbage".

Technological environment comprises the technological changes and improvements. Continuous innovations and improvements in the technology used in the production improves the quality of production. While on one hand, improvement in technology provides new business opportunities for the enterprises, on the other hand, it is a threat for the enterprises using obsolete technology.

●●

Business Studies 2016 (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. Give the meaning of 'responsibility' as an element of delegation. [1]

Answer : Responsibility is the obligation of a subordinate to properly perform his/her duty assigned by his/her superior. It arises from a superior-subordinate relationship. The subordinate will always be responsible to his/her superior, so responsibility flows upward.

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

Answer : Speed Boss in functional foremanship ensures timely and accurate completion of job and if there is a delay in completion of work then, he find out the solution to over come delay.

25. Explain any four characteristics of management. [6]

Answer : Characteristics of management are :

- (a) **Management is all pervasive :** Management

activities are performed in all type of organisations, in all departments and at all levels.

Management is required for all organisations-big or small, profit making or non profit making, service providing or manufacturing, etc.

(b) Management is a goal-oriented process : Management is a goal oriented activity. It tries to achieve economic, social and human objectives by proper utilization of resources.

(c) Management is a continuous process: Management consists of a series of functions-planning, organizing, staffing, directing and controlling which are simultaneously and continuously performed by all the managers.

(d) Management is a group activity : Management guides people on how to do the work. It influences the behaviour of all the employees in such a way that the ultimate goals of the organisation can be achieved effectively and efficiently and at the same time, it facilitate the employees to develop and grow.

••

Business Studies 2016 (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 'accountability' as an

element of delegation. [1]

Answer : Accountability as an element of delegation means the answerability for the final outcome of the assign task.

••

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.