



## COMMON PRE-BOARD EXAMINATION 2022-23

**Subject: (BUSINESS STUDIES - 054)**

### ANSWER KEY



Q. NO.	Questions	Marks
1	<b>(b) The standards of behaviour of employees are evolved from group norms.</b>	1
2	<b>(d) More demanding customers</b>	1
3	<b>(c) Span of management</b>	1
4	<b>(b) Interrelatedness</b>	1
5	<b>(a) Management is a continuous process</b>	1
6	<b>(c) Both (a) and (b)</b>	1
7	<b>(c) Social Environment</b>	1
8	<b>(c) Social Objective</b>	1
9	<b>(b) It restricts coordination in action</b>	1
10	<b>(b) Controlling</b>	1

11	<b>(a) Divisional structure</b>	1
12	<b>(a) Product</b>	1
13	<b>(a) Commercial bill</b>	1
14	<b>(c) Rights issue</b>	1
15	<b>(c) Two level channels</b>	1
16	<b>(b) On execution of the order</b>	1
17	<b>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</b>	1
18	<b>(d) All of the above</b>	1
19	<b>(a) Gathering and analyzing marketing information</b>	1
20	<b>(c) A – iii B - i C – ii D - iv</b>	1
21	<p>The level of management at which Ashutosh Gupta was working is the <b>top level. (1Mark)</b></p> <ol style="list-style-type: none"> <li>1. To co-ordinate the activities of different departments.</li> <li>2. To be responsible for welfare and survival of the organisation.</li> <li>3. To formulate overall organisational goals and strategies for their achievement.</li> <li>4. To be responsible for all the activities of the business and for its impact on the society.</li> </ol> <p><b>(Any two points – 2 Marks)</b></p>	3
22	<b>Specialized activities that Mr. Naresh is supposed to perform as a human resource manager are:</b>	3

	<ul style="list-style-type: none"> <li>• Recruitment, i.e., search for qualified people</li> <li>• Analysing jobs, collecting information about jobs to prepare job descriptions.</li> <li>• Developing compensation and incentive plans.</li> <li>• Training and development of employees for efficient performance and career growth.</li> <li>• Maintaining labour relations and union management relations.</li> <li>• Handling grievances and complaints.</li> <li>• Providing for social security and welfare of employees.</li> <li>• Defending the company in law suits and avoiding legal complications.</li> </ul> <p><b>(Any three points – 3 Marks)</b></p>	
23	<p>(a) The management function is controlling. "Comparing actual performance with standards is the step involved in the process of controlling which helped in finding out that the actual production of a worker is less than the set target. <b>(1 MARK)</b></p> <p>(b) <b>A manager has to take the following two further steps to complete the process of controlling.</b></p> <p><b>(i) Analysing deviations:</b> Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Critical point control and management by exception should be used by a manager in this regard. <b>(1 MARK)</b></p> <p><b>(ii) Taking corrective action:</b> The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished. <b>(1 MARK)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>a) The function performed is controlling and the steps discussed are:</b></p> <p><b>(i) Setting performance standards</b> <b>(ii) Measurement of actual performance</b></p>	3

	<b>(iii) Comparing actual performance with standards</b> <b>(iv) Analysing deviations</b> <b>(3 Marks)</b>	
24	<p>Naina is working as a commerce teacher in RIMS International school Kerala. One day, she was teaching about capital market in the class. She informed about during 1980s the capital market in India witnessed a tremendous growth because of increasing participation of the public. This ever-increasing investor population and market capitalisation led to a variety of malpractices on the part of the companies, brokers, merchant banker's investment consultants and others involved in the securities market. These malpractices and unfair, trading practices eroded investors' confidence and multiplied investors grievances. The government of India and stock exchanges were helpless in redressing the investors problems because of lack of proper penalty provisions in the existing legislation. In view of this the government of India decided to set up a regulatory body.</p> <p><b>The regulatory body is SEBI (1 Mark)</b></p> <p><b>Objectives of SEBI</b></p> <ol style="list-style-type: none"> <li>1.To regulate stock exchanges and the securities industry to promote their orderly functioning.</li> <li>2.To protect the rights and interests of investors, particularly individual investors and to guide and educate them.</li> <li>3.To prevent trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation.</li> <li>4.To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</li> </ol> <p><b>(Any two objectives – 2 Marks)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Participants:</b> The participants in the capital market are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public. Participation in the money market is by and large undertaken by institutional participants such as the RBI, banks, financial institutions and finance companies. Individual investors although permitted to transact in the secondary money market, do not normally do so.</p> <p><b>Safety:</b> Capital market instruments are riskier both with respect to returns and principal repayment. Issuing companies may fail to</p>	3

	<p>perform as per projections and promoters may defraud investors. But the money market is generally much safer with a minimum risk of default. This is due to the shorter duration of investing and also to financial soundness of the issuers, which primarily are the government, banks and highly rated companies.</p> <p><b>Instruments:</b> The main instruments traded in the capital market are – equity shares, debentures, bonds, preference shares etc. The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills report, commercial paper and certificates of deposit.</p> <p><b>Expected return:</b> The investment in capital markets generally yield a higher return for investors than the money markets. The possibility of earnings is higher if the securities are held for a longer duration. First, there is the scope of earning capital gains in equity share. Second, in the long run, the prosperity of a company is shared by shareholders by way of high dividends and bonus issues.</p> <p><b>(4 points – 4 Marks)</b></p>	
25	<p>Under this training method, it is a joint program of training in which educational institutions and business firms cooperate. Identify the type of training. Also state any other three types of training.</p> <p><b>Internship Training (1 Mark)</b></p> <p><b>Types of on-the-job training</b></p> <p><b>(i) Apprenticeship Programmes:</b> Apprenticeship programmes put the trainee under the guidance of a master worker. These are designed to acquire a higher level of skill. People seeking to enter skilled jobs, to become, for example, plumbers, electricians or iron-workers, are often required to undergo apprenticeship training. These apprentices are trainees who spend a prescribed amount of time working with an experienced guide, or trainer. A uniform period of training is offered to trainees, in which both fast and slow learn here, are placed together. Slow learners may require additional training.</p> <p><b>(ii) Coaching:</b> In this method, the superior guides and instructs the trainee as a coach. The coach or counselor sets mutually agreed upon goals, suggests how to achieve these goals, periodically reviews the trainees progress and suggests changes required in behavior and performance. The trainee works directly with a senior manager and the manager takes full responsibility for the trainee's coaching. Classically the trainee is being groomed to</p>	4

	<p>replace the senior manager and relieve him from some of his duties. This gives a chance for the trainee to learn the job also.</p> <p><b>(iii) Job Rotation:</b> This kind of training involves shifting the trainee from one department to another or from one job to another. This enables the trainee to gain a broader understanding of all parts of the business and how the organization as a whole function. The trainee gets fully involved in the departments operations and also gets a chance to test her own aptitude and ability. Job rotation allows trainees to interact with other employees facilitating future cooperation among departments</p> <p><b>(Three types – 3 Marks, ½ Mark title, ½ Mark explanation)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Casual callers is the source of recruitment used by the company. (1 Mark)</b></p> <p><b>b.</b> Other three sources of recruitment belonging to the category identified above</p> <p>Direct Recruitment Advertisement Employment Exchange Placement Agencies and Management Consultants Campus Recruitment Recommendations of Employees Labour Contractors Advertising on Television Web Publishing</p> <p><b>(Any Three types – 3 Marks, ½ Mark title, ½ Mark explanation)</b></p>	
26	<p><b>Psychological barriers</b></p> <p><b>(i) Premature evaluation:</b> Sometimes people evaluate the meaning of message before the sender completes his message. Such premature evaluation may be due to pre-conceived notions or prejudices against the communication.</p> <p><b>(ii) Lack of attention:</b> The pre-occupied mind of receiver and the resultant non-listening of message acts as a major psychological barrier. For instance, an employee explains about his problems to the boss who is pre-occupied with an important file before him.</p>	4

	<p>The boss does not grasp the message and the employee is disappointed.</p> <p><b>(iii) Loss by transmission and poor retention:</b> When communication passes through various levels, successive transmissions of the message results in loss of, or transmission of inaccurate information. This is more so in case of oral communication. Poor retention is another problem. Usually people cannot retain the information for a long time if they are inattentive or not interested.</p> <p><b>(iv) Distrust:</b> Distrust between communicator and communicate acts as a barrier. If the parties do not believe each other, they cannot understand each other's message in its original sense.</p> <p style="text-align: center;"><b>OR</b></p> <p>State any four barriers to communication which are affected by personal factors of both sender and receiver influence the effective communication. <b>(4 Points – 4 Marks)</b>  <b>(Mark Title, ½ Mark Explanation)</b></p> <p><b>Personal barriers</b></p> <p><b>(i) Fear of challenge to authority:</b> If a superior perceives that a particular communication may adversely affect his authority, he or she may withhold or suppress such communication.</p> <p><b>(ii) Lack of confidence of superior on his subordinates:</b> If superiors do not have confidence on the competency of their subordinates, they may not seek their advice or opinions.</p> <p><b>(iii) Unwillingness to communicate:</b> Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests.</p> <p><b>(iv) Lack of proper incentives:</b> If there is no motivation or incentive for communication, subordinates may not take initiative to communicate. For example, if there is no reward or appreciation for a good suggestion, the subordinates may not be willing to offer useful suggestions.</p> <p><b>(4 Points – 4 Marks) (½ Mark Title, ½ Mark Explanation)</b></p>	
27	<p>(i) "The cycle company offered him a permanent pensionable job". According to above line Rahim is able to fulfill his following needs:</p>	4

	<p><b>(a) Physiological Needs (1 Mark)</b>  <b>(b) Safety or Security Needs (1 Mark)</b>  <b>(ii) The other needs followed by the above stated needs that are still to be satisfied are:</b>  <b>(a) Affiliation need: It refers to the need for affection, sense of belongingness, acceptance and friendship. (1 Mark)</b>  <b>(b) Esteem need: It refers to the need for self-respect, autonomy, status, recognition and attention. (1 Mark)</b></p>	
28	<p>Nature of Business, Scale of Operations, Business Cycle, Seasonal Factors, Production Cycle, Credit Allowed, Credit Availd, Operating Efficiency, Availability of Raw Material, Growth Prospects, Level of Competition, Inflation. <b>(Any 4 – 4 Marks) (½ Mark Title, ½ Mark Explanation)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Explain briefly any four factors that affect the fixed capital requirements of a company.  Nature of Business, Scale of Operations, Choice of Technique, Technology Upgradation, Growth Prospects, Diversification, Financing Alternatives, Level of Collaboration.  <b>(Any 4 – 4 Marks) (½ Mark Title, ½ Mark Explanation)</b></p>	4
29	<p>Dividend Decision  Amount of Earnings, Stability of Earnings, Stability of Dividends, Growth Opportunities, Cash Flow Position, Shareholders' Preference, Taxation Policy, Stock Market Reaction, Access to Capital Market, Legal Constraints, Contractual Constraints.  <b>(Any 4 – 4 Marks) (½ Mark Title, ½ Mark Explanation)</b></p>	4
30	<p>a. Right to be Informed <b>(1 Mark)</b>  b. Right to safety.  Right to choose.  Right to consumer education.  Right to be heard.  Right to Seek redressal.</p>	4



	(Any 3 – 3 Marks) (½ Mark Title, ½ Mark Explanation)	
31	<p><b>Time Study:</b> It reduces the amount of time it takes to execute a specific task. For each step of the task, time-keeping devices are used. Various readings are used to determine the standard time for the full task. The duration of the time study will be determined by the task's frequency and volume, as well as the process's cycle time and time measurement costs.</p> <p><b>Motion Study:</b> Motion analysis is the study of actions such as placing objects, lifting, changing positions and sitting that occur when doing a routine task. Random motions are encouraged to be reduced so that the job can be completed in less time.</p> <p><b>Fatigue Study:</b> If a person does not relax while working, he or she will get emotionally and physically exhausted. Rest periods will aid in the recovery of vitality and the ability to work at the same level again. As a result, the potency will be increased. The goal of fatigue research is to determine the amount and frequency of rest intervals required to complete a task.</p> <p><b>Simplification and Standardisation of work</b></p> <p>Standardization refers to the process of setting standards for any industrial activity, such as the way things are done, the amount of time they take, the raw materials they use, the machinery they use, the products they make, the processes they go through, and the situations they go through. These examples serve as guidelines that must be followed throughout the process. Simplification refers to the removal of non-essential kinds, sizes, and measurements, whereas standardization refers to the creation of new types rather than existing ones. The goal of simplification is to eliminate a variety of products that are redundant. Machines, tools, and labor costs are reduced as a result. It entails keeping inventory under control, making full use of commodities, and increasing turnover.</p> <p><b>(3x2 = 6 Marks – Any three)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Unity of Command</b></p>	6

	<p>This principle states that there should be a clear chain of command in the organization. The employees should be clear on whose instructions to follow. According to Fayol, an employee should receive orders from only one manager. If an employee works under two or more managers, then authority, discipline, and stability are threatened. Moreover, this will cause a breakdown in management structure and cause employees to burn out.</p> <p><b>Equity</b> Equity is a combination of kindness and justice. This principle states that managers should use kindness and justice towards everyone they manage. This creates loyalty and devotion among the employees towards the organization they work for.</p> <p><b>Remuneration</b> This principle of management states that employees should be paid fair wages for the work that they carry out. Any organization that underpays its workers will struggle to motivate and keep quality workers. This remuneration should include both financial and non-financial incentives. Also, there should be a structure in place to reward good performance to motivate employees</p> <p><b>Initiative</b> This principle states that all employees should be encouraged to show initiative. When employees have a say as to how best they can do their job, they feel motivated and respected. Organizations should listen to the concerns of their employees and encourage them to develop and carry out plans for improvement.</p> <p><b>(3x2 = 6 Marks – Any three)</b></p>	
32	<p><b>Identifying alternative courses of action:</b> Once objectives are set assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. <b>(½ Mark Title, 1.5 Marks Explanation)</b></p> <p><b>Remaining steps to be carried out to complete the process are as follows:</b></p> <p><b>1. Evaluating alternative courses:</b> The next step is to weigh pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.</p> <p><b>2. Selecting an alternative:</b> This is the real point of decision making. The best plan has to be adopted and implemented. The</p>	6

	<p>ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis.</p> <p><b>3. Implementing the plan:</b> This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action.</p> <p><b>4. Follow up action:</b> To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.</p> <p><b>(4x1 = 4 Marks)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>Planning is of vital importance in the managerial process. Explain in brief any four reason in support of your answer.</p> <p><b>(i) Planning provides directions</b>  <b>(ii) Planning reduces the risks of uncertainty</b>  <b>(iii) Planning reduces overlapping and wasteful activities</b>  <b>(iv) Planning promotes innovative ideas</b>  <b>(v) Planning facilitates decision making</b>  <b>(vi) Planning establishes standards for controlling</b></p> <p><b>(4x1.5 = 6 Marks)</b></p>	
33	<p><b>Importance of Decentralization:</b></p> <p><b>1. "Response does not take time". Quick decision making-</b>  In a decentralized organization since decisions are taken at levels which are nearest to the point of action and there is no requirement for approvals from many levels, the process is much faster.</p> <p><b>2. "Who can get a chance to prove their abilities". Develops managerial talent for the future-</b> Decentralization gives managers a chance to prove their abilities and creates a reservoir of qualified manpower that can be considered to fill up more challenging positions through promotion.</p> <p><b>3. "Identifying those executives who have the necessary potential to become dynamic leaders". Develops initiative among subordinates-</b>Decentralization helps to promote self-reliance and confidence amongst the subordinates. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter.</p>	6

	<p><b>4. "This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results." Better control-</b> Feedback from levels helps to analyze variances and improve operations.</p> <p><b>(½ Mark Title, ½ Mark Explanation, ½ Mark Quoting)</b>  <b>(4x1.5 = 6 Marks)</b></p>	
34	<p><b>Functions of marketing referred in above para are as follows:</b></p> <p><b>(a) Gathering and analysing market information:</b> Marketing research is the systematic investigation of the facts relevant to the various aspects in marketing. Marketing research helps managers to arrive at an appropriate decision. Market information should be gathered and analysed, appropriately. "use internet to gather customers" views and opinions"</p> <p><b>(b) Standardization and Grading:</b> Standardisation refer to determining the basic measure/standard of the product with regard to shape, size, colour quality, quantity, etc. Grading is the process of classification of the product into different groups, on the basis of some parameters like quality, quantity, size, etc. "no predetermined specification in case of rice because of which it would be difficult to achieve uniformity in the output."</p> <p style="text-align: center;"><b>Or</b></p> <p><b>"classified it into three different varieties namely-Popular, Classic and Supreme, based on the quality."</b></p> <p><b>(c) Branding:</b> It is the process of stamping a product with some identifying name or mark or a combination of both. "To differentiate the product from its competitors, she gave it the name of Malabari Organic Rice."</p> <p style="text-align: center;"><b>Or</b></p> <p><b>"She felt that these names would help her in product differentiation."</b></p> <p><b>(½ Mark Title, 1 Mark Explanation, ½ Mark Quoting)</b>  <b>(4x2 = 6 Marks)</b></p>	6