

FIRST TERM EXAMINATION

APRIL/MAY 2018

CLASS XII

Marking Scheme – BUSINESS STUDIES [THEORY]

Q.N O.	Answers	Marks (with split up)
1	Ans : Yes, the production manager of Vaibhav Garments Ltd. is effective as he could achieve the target to produce 10,000 shirts in a month.	1
2	Ans : Management, has been defined as a process of getting things done with the aim of achieving goals effectively and efficiently.	1
3	Ans : The principle of equity has been violated in this case. It emphasizes kindness and justice in behavior of managers towards workers. No discrimination should be made by them on the basis of caste, creed, gender or otherwise.	1
4	Ans : ‘Mental Revolution’ means that management and workers should transform their thinking. In such a situation even trade unions will not think of going on strike etc.	1
5	Ans : Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins.	1
6	Ans : Privatisation is the reform for this change in the government’s policy.	1
7	Ans : Setting objectives is the most crucial step in planning process.	1
8	Ans : An ideal plan should be time specific and realistic.	1
9	<p>Ans : (a) Dharam considers management as a discipline because there exist number of theories and principles on management which have been formulated by various management experts. It is taught in various schools and colleges, all over the world as a separate subject of study.</p> <p>(b) Management is not considered to be a full-fledged profession because of the following reasons:</p> <p>(a)Restricted Entry</p> <p>(ii)Professional association (Explain)</p>	3

10	<p>Ans : Sridhar's father is working at lower level of management.</p> <p>The functions performed are :</p> <p>(i)Supervisors directly oversee the efforts of the workforce. Their authority and responsibility is limited according to the plans drawn by the top management. (ii)Supervisory management plays a very important role in the organisation since they interact with the actual work force and pass on instructions of the middle management to the workers.</p> <p>(iii)Through their efforts quality of output is maintained, wastage of materials is minimised and safety standards are maintained.</p> <p>(Any two)</p>	3
11	<p>Ans : The various principle of scientific management that Hridaan plans to apply to his business.</p> <p>(i)Science not Rule of Thumb- This method can be developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. Scientific method involved investigation of traditional methods through work-study, unifying the best practices and developing a standard method, which would be followed throughout the organisation.</p> <p>"He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials."</p> <p>(ii)Harmony not Discord- Scientific management has for its foundation the firm conviction that the true interests of the two are one and the same; that prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa.</p> <p>"He plans to adopt paternalistic style of management in practice in order to avoid any kind of class conflict that may emerge between him and the workers."</p> <p>(iii)Cooperation, not Individualism- There should be complete cooperation between the labour and the management instead of individualism.</p> <p>"Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business." (1x3=3)</p>	3
12	<p>Ans : The basis on which the Liberalisation of Indian industries has taken place are :</p> <p>(i)Abolishing licensing requirement in most of the industries except a short list,</p> <p>(ii) Freedom in deciding the scale of business activities i.e., no restrictions on expansion or contraction of business activities,</p> <p>(iii)Removal of restrictions on the movement of goods and services,</p> <p>(iv)Freedom in fixing the prices of goods services,</p> <p>(v)Reduction in tax rates and lifting of unnecessary controls over the economy,</p> <p>(vi)Simplifying procedures for imports and exports, and</p> <p>(vii)Making it easier to attract foreign capital and technology to India.</p> <p>(Any three points)</p>	3

13	<p>Ans : (a)The points highlighting the importance of planning mentioned in the above paragraph:</p> <p>(i)Planning reduces the risks of uncertainty - Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.</p> <p>(ii) Planning reduces overlapping and wasteful activities- Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. (2 x 1 = 2 marks)</p> <p>(b)The limitation of planning which adversely affects Payal's business:</p> <p>Planning may not work in a dynamic environment - The business environment is dynamic, nothing is constant. The environment consists of a number of dimensions, economic, political, physical, legal and social dimensions. The organisation has to constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity. (I mark)</p>	3
14	<p>Ans : (a)Concept of Management being referred by Rema is effectiveness and efficiency.</p> <p>(b)The features of Management are :</p> <p>(i)Management is all pervasive.</p> <p>(ii) Management is a group activity.</p> <p>(c)Values – Cooperation, Concern for resources</p>	4
15	<p>Ans : Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity: Taylor was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. Then work assigned should suit her/his physical, mental and intellectual capabilities. To increase efficiency, they should be given the required training.</p> <p>Division of Work: Work is divided into small tasks/jobs. A trained specialist who is competent is required to perform each job. Thus, division of work leads to specialisation. According to Fayol, "The intent of division of work is to produce more and better work for the same effort. Specialisation is the most efficient way to use human effort."</p>	4
16	<p>Ans : (a)Time Study - It determines the standard time taken to perform a well-defined job. Time measuring devices are used for each element of task. The standard time is fixed for the whole of the task by taking several readings.</p>	4

	<p>(b)Motion Study - Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.</p> <p>(c)Fatigue Study - A person is bound to feel tired physically and mentally if she/he does not rest while working. The rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity. Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task.</p> <p>(d)Method Study - The objective of method study is to find out one best way of doing the job. There are various methods of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study.</p>	
17	<p>Ans : (a)Inter-relatedness is relevant feature of business environment being discussed here. (1 mark)</p> <p>(b)Three points which highlight the importance of business environment and its understanding by managers :</p> <p>(i) It enables the firm to identify opportunities and getting the first mover advantage: Opportunities refer to the positive external trends or changes that will help a firm to improve its performance. Environment provides numerous opportunities for business success. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors.</p> <p>(ii) It helps the firm to identify threats and early warning signals: Threats refer to the external environment trends and changes that will hinder a firm's performance. Besides opportunities, environment happens to be the source of many threats. Environmental awareness can help managers to identify various threats on time and serve as an early warning signal.</p> <p>(iii) It helps in tapping useful resources: Environment is a source of various resources for running a business. To engage in any type of activity, a business enterprise assembles various resources called inputs like finance, machines, raw materials, power and water, labour, etc., from its environment including financiers, government and suppliers. (3 points x 1 mark = 3 marks)</p>	4
18	<p>Ans : (i)Planning is the primary function of management. “without good planning he will not be able to organize, direct control or perform any of the other managerial functions efficiently and effectively.”</p>	4

	<p>(ii)Planning is futuristic- “Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales.”</p> <p>(iii)Planning is continuous – “Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis.”</p> <p>(iv)Planning is a mental exercise – “While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work.”</p> <p>(v)Planning focuses on achieving objectives – “Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which business is being carried out.”</p> <p>(Any four points- Identify & Explain 4 x 1 = 4 marks)</p>	
19	<p>Ans : (i)Objectives - Objectives, can be said to be the desired future position that the management would like to reach. “declared the sales target of one million units of the product.”</p> <p>(ii)Budget - A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures. “to prepare a detailed plan with expected cash flow to ensure the achievement of the target.”</p> <p>(iii)Procedure - Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. “development of routine steps to be followed to achieve the given target.”</p> <p>(iv)Method - Methods provide the prescribed ways or manner in which a task has to be performed considering the objective. “the manner in which the activities had to be performed to have a good qualitative and quantitative control.”</p>	4
20	<p>Ans : Importance of management.</p> <p>(i)Management helps in achieving group goals (ii)Management increases efficiency (iii)Management creates a dynamic organization (iv)Management helps in achieving personal objectives (v)Management helps in the development of society</p>	5
21	<p>Ans : (a)Unity of Command- According to Fayol there should be one and only one boss for every individual employee. (1.5 marks)</p> <p>(b) Unity of Direction: All the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts. Each group of activities having the same objective must have one head and one plan. (1.5 marks)</p> <p>(c) Difference between Unity of Command and Unity of Direction</p>	5

		Basis	Unity of Command	Unity of Direction		
	1	Meaning	One subordinate should receive orders from and should be responsible to only one superior.	Each group of activities having same objective must have one head and one plan.		
	2	Aim	It prevents dual subordination.	It prevents overlapping of activities.		
	3	Implications	It affects an individual employee.	It affects the entire organisation.		
	(2 points x 1 = 2marks)					
22	Ans : Impact of government policy changes on Business and industry (i) Increasing competition (ii) More demanding customers (iii) Rapidly changing technological environment: (iv) Necessity for change (v) Need for developing human resource (vi) Market orientation (vii) Loss of budgetary support to the public sector (Explain any five points)				5	
23	Ans: (a) The concept of 'Management' is referred here. (b) The various functions of management are: (i) Planning – “He decides the targets for his department which are in line with the objectives of the organization as a whole.” (ii) Organising – “The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them.” (iii) Staffing – “Jayant works in close coordination in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department.” (iv) Directing – “Through constant guidance and motivation. Jayant inspires them to realize their full potential.” (v) Controlling – “Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.”				6	
24	Ans : (a) The term 'business environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance. (b) The various dimensions of business environment being referred in the above case (i) Economic Environment: Interest rates, inflation rates, changes in disposable income of people, stock market indices and the value of rupee are some of the economic factors that can affect management				6	

	<p>practices in a business enterprise.</p> <p>(ii) Social Environment – The social environment of business include the social forces like customs and traditions, values, social trends, society's expectations from business, etc</p> <p>(iii) Technological Environment: Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p> <p>(iv) Political Environment: Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.</p> <p>(v) Legal Environment: Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government— centre, state or local.</p>	
25	<p>Ans : Planning process is as follows :</p> <p>(i) Setting Objectives- The first and foremost step is setting objectives. Every organisation must have certain objectives.</p> <p>(ii) Developing Premises- Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future.</p> <p>(iii) Identifying alternative courses of action- Once objectives are set, assumptions are made. Then the next step would be to act upon them. 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.</p> <p>(iv) Evaluating alternative courses- The next step is to weigh the 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>(v) Selecting an alternative- This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences.</p> <p>(vi) Implement the plan - This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action i.e., doing what is required.</p>	6

	(vii) Follow-up action- 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.	
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