

**INDIAN SCHOOL MUSCAT**  
**FIRST PRELIMINARY EXAMINATION**  
**15<sup>TH</sup> JANUARY 2019**

**SET A**

**CLASS XII**

**Marking Scheme – SUBJECT [BUSINESS STUDIES]**

Q.NO.	Answers Section A	Marks (with split up)												
1.	Management has some characteristics of Science.	1												
2.	<table border="1"> <tr> <td>Basis</td><td>Formal Organisation</td><td>Informal Organisation</td></tr> <tr> <td>Authority</td><td>Arises by virtue of position in management</td><td>Arises out of personal qualities</td></tr> </table> <p style="text-align: center;">OR</p> <table border="1"> <tr> <td>Basis</td><td>Functional Structure</td><td>Divisional Structure</td></tr> <tr> <td>Specialisation</td><td>Functional specialisation.</td><td>Product specialisation.</td></tr> </table>	Basis	Formal Organisation	Informal Organisation	Authority	Arises by virtue of position in management	Arises out of personal qualities	Basis	Functional Structure	Divisional Structure	Specialisation	Functional specialisation.	Product specialisation.	1
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Specialisation	Functional specialisation.	Product specialisation.												
3.	Supervision Or Internship	1												
4.	Marketing management refers to planning, organising, directing and controlling of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services. Or This process of giving a name or a sign or a symbol etc., for identification to a product is called branding.	1												
5.	Right to Choose. The consumer has a right to choose from a variety of products at competitive prices.	1												
6.	Dividend Decision	1												
7.	Democratic Style of Leadership	1												
8.	Objective	1												
	Section B													
9	<p>Characteristics of Directing</p> <p>(i) Directing initiates action</p> <p>(ii) Directing takes place at every level of management</p> <p>(iii) Directing is a continuous process</p> <p>(iv) Directing flows from top to bottom (Explain any three)</p> <p>Or</p> <p>Importance of Motivation</p> <p>(i) Motivation helps to improve performance levels of employees as well as the organisation.</p> <p>(ii) Motivation helps to change negative or indifferent attitudes of employee to positive attitudes so as to achieve organisational goals.</p> <p>(iii) Motivation helps to reduce employee turnover and thereby saves the cost of new recruitment and training.</p> <p>(iv) Motivation helps to reduce absenteeism in the organisation.</p>	3												

	(v) Motivation helps managers to introduce changes smoothly without much resistance from people. (Explain any three)							
10	(a) Planning (b) The next two steps in the planning process are: (i) Selecting an alternative (ii) Implement the plan	3						
11	Functions of a Stock Exchange : 1. Providing Liquidity and Marketability to Existing Securities 2. Pricing of Securities 3. Safety of Transaction 4. Contributes to Economic Growth 5. Spreading of Equity Cult 6. Providing Scope for Speculation (Explain any three) Or Objectives of SEBI: (any three) 1. To regulate stock exchanges and the securities industry to promote their orderly functioning. 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them. 3. To prevent trading malpractices and achieve a balance between selfregulation by the securities industry and its statutory regulation. 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.	3						
12	The given statement is true as delegation helps a manager to extend his area of operation as without it his activities would be restricted to only what he himself can do. However, delegation does not mean abdication; the manager shall still be accountable for the assigned task because only the responsibility of the task can be delegated. The ultimate responsibility of the superior is absolute and cannot be delegated.	3						
13	(a) The working capital requirement of Yogesh will be less as he is engaged in trading business. (b) The two factors that will affect his fixed capital requirements are: (i) Level of Collaboration (ii) Financial alternatives available (Explain with reference to case)	3						
	Section C							
14	(a) Social Environment (b) Technological Environment (Explain)	4						
15	Differences between Primary Market and Secondary Market <table border="1"><thead><tr><th>Primary Market</th><th>Secondary Market</th></tr></thead><tbody><tr><td>(i) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).</td><td>(i) There is trading of existing shares only.</td></tr><tr><td>(ii) Securities are sold by the company to the investor directly (or through an intermediary).</td><td>(ii) Ownership of existing securities is exchanged between investors. The company is not involved at all.</td></tr></tbody></table>	Primary Market	Secondary Market	(i) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	(i) There is trading of existing shares only.	(ii) Securities are sold by the company to the investor directly (or through an intermediary).	(ii) Ownership of existing securities is exchanged between investors. The company is not involved at all.	4
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	(iii) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	(iii) Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.																
	(iv) Only buying of securities takes place in the primary market, securities cannot be sold there.	(iv) Both the buying and the selling of securities can take place on the stock exchange.																
	(v) Prices are determined and decided by the management of the company.	(v) Prices are determined by forces of demand and supply.																
	(vi) There is no fixed geographical location.	(vi) Located at specified places.																
	Or Differences between Capital Market and Money Market																	
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16	(a) Gaurav should have checked the quality assurance marks. (b) District Forum (c) Relief Available: (i) To remove the defect in goods or deficiency in service. (ii) To replace the defective product with a new one, free from any defect. (Any other relevant points)		4															
17	Advantages of Branding to marketers. (i) Enables Marking Product Differentiation (ii) Helps in Advertising and Display Programmes (iii) Differential Pricing (iv) Ease in Introduction of New Product (Explain) OR Functions performed by Labelling. 1. Describe the Product and Specify its Contents 2. Identification of the Product or Brand 3. Grading of Products 4. Help in Promotion of Products 5. Providing Information Required by Law (Explain any four)		4															
18	Psychological Barrier- Ankur is not in a position to understand the message due to lack of attention. Other Psychological Barrier are: (a) Premature Evaluation (b) Loss by transmission and poor retention		4															

	(c) Distrust (Explain)	
19	(a) Call Money (b) Features of Call Money (i) Call money is a method by which banks borrow from each other to be able to maintain the cash reserve ratio. (ii) The interest rate paid on call money loans is known as the call rate. (iii) Its maturity period maybe from a single day to a fortnight.	4
	Section D	
20	(a) Public Relations (b) Role of Public Relations: (i) Press Relations (ii) Product Publicity (iii) Corporate Communication (iv) Lobbying (v) Counselling (Explain any four)	5
21	Management, been defined as a process of getting things done with the aim of achieving goals effectively and efficiently. Characteristics of Management (i) Management is a goal-oriented process (ii) Management is all pervasive (iii) Management is multidimensional (iv) Management is a continuous process (v) Management is a group activity (vi) Management is a dynamic function (vii) Management is an intangible force (Any four) Or Characteristics of Coordination: (i) Coordination unifies unrelated or diverse interests into purposeful work activity. (ii) The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. (iii) Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling. (iv) Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. (v) Coordination is the responsibility of all managers at the top, middle and lower level. (vi) Coordination is the deliberate function of management. (Any five)	5
22	(a) Controlling Steps mentioned in the case: (i) Setting Performance Standards (ii) Measurement of actual performance (iii) Comparing Actual Performance with Standards Set (Explain the steps)  (b) The next two steps are: (i) Analysing Deviations (ii) Taking Corrective Action	5
	Section E	

23	<p>Decentralisation means decision making authority in an organization is delegated.</p> <p>Importance of Decentralisation.</p> <ul style="list-style-type: none"> <li>(i) Develops initiative among subordinates</li> <li>(ii) Develops managerial talent for the future</li> <li>(iii) Quick decision making</li> <li>(iv) Relief to top management</li> <li>(v) Facilitates growth</li> <li>(vi) Better control (Any five)</li> </ul> <p>Or</p> <p>Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).</p> <p>Steps in Organising</p> <ul style="list-style-type: none"> <li>(i) Identification and division of work</li> <li>(ii) Departmentalisation</li> <li>(iii) Assignment of duties</li> <li>(iv) Establishing reporting relationships:</li> </ul>	6
24	<ul style="list-style-type: none"> <li>(a) Interest Test- These tests are used to know the pattern of interest or involvement of a person.</li> <li>(b) The next five steps after the assessment tests in the selection process are: <ul style="list-style-type: none"> <li>(i) Employment Interview</li> <li>(ii) Reference and Background Checks</li> <li>(iii) Selection Decision</li> <li>(iv) Medical Examination</li> <li>(v) Job Offer</li> </ul> </li> </ul>	6
25	<p>Fayol- Remuneration of employees and Initiative</p> <p>Taylor- Harmony, not Discord and Cooperation and not Individualism (Explain)</p>	6