

MARKING SCHEME**BUSINESS STUDIES****2022-23**

	Answers	Marks
1	b) Management of people	1
2	a) Functional structure	1
3	d) Complexity	1
4	b) Coordination is a deliberate function	1
5	b) Relative concept	1
6	b) Selling concept	1
7	d) Help in Identifying opportunities and get first mover advantage.	1
8	c) Setting performance standards, Measurement of actual performance, Comparison of actual performance with standards, Analysing deviations, Taking corrective action.	1
9	b) Growth	1
10	d) It is deliberately created by the management.	1
11	c) Promotion	1
12	a) (i)---(C),(ii)---(A)	1
13	c) Private placement	1
14	c) Both the statements are true	1
15	c) Purchase- sale	1
16	a) Regulatory function	1

17	b) Social environment	1
18	b) Primary Package	1
19	c) Pricing of security	1
20	c) It refers to the set of actual and potential buyers for a product.	1
21	<p>a. Coordination</p> <p>b. importance :</p> <p>i. With the growth in the size of an organisation, there is a proportionate increase in the number of its employees. So there is a greater need to unify the efforts of diverse individuals towards the realisation of organisational goals.</p> <p>ii. As a result of functional differentiation in an organization, its people and activities get divided into small departments on the basis of functions like marketing, finance etc. Since each such department tends to formulate its own objectives, policies etc., there is a need to reconcile the goals pursued by each of such departments with the goals of the organization as a whole.</p> <p>iii. More number of specialists are deployed in the present day organizations keeping in mind the need for specialisation due to greater complexity and diversity in their way of functioning.</p> <p>(Any two importance (1+2=3))</p>	<p>1</p> <p>(1X2)</p>
22	<p>Advantages of internal source of recruitment.</p> <p>(i) Employees are motivated to improve their performance.</p> <p>(ii) Internal recruitment also simplifies the process of selection and placement. The candidates that are already working in the enterprise can be evaluated more accurately and economically.</p> <p>(iii) Transfer is a tool of training the employees to prepare them for higher jobs. Also people recruited from within the organisation do not need induction training;</p> <p>(iv) Transfer has the benefit of shifting workforce from the surplus departments to those where there is shortage of staff; (Adjustment of Surplus employees)</p> <p>(v) Filling of jobs internally is cheaper as compared to getting candidates from external sources.</p> <p>(any three advantages)</p>	<p>1x 3=3</p> <p>1 mark for each correct statement</p>
23	Judging accuracy of standards: While performing the function of controlling, a manager compares the actual work performance with standards. He tries to find out whether the laid down standards are or less than the general standards. In case of need , they are redefined.	1 1/2 x2=3

	<p>Ensuring order and discipline: Controlling ensures a close check on the activities of the employees. Hence , it helps in reducing the dishonest behaviour of the employees and in creating order and discipline in an organization.</p> <p style="text-align: center;">OR</p> <p>Achieving objectives: The controlling process is implemented to take care of the plans. With the help of controlling deviations are immediately detected and corrective action is taken. Therefore the difference between the expected results and actual results is reduced to the minimum. In this way, controlling is helpful in achieving the goals.</p> <p>Improving Employee motivation: Employee know the standard against which there performance will be judged. Systematic evaluation of performance and consequent rewards in the form of increment, bonus, promotion etc. motivate the employees to put in their best efforts.</p>	
24	<p>a. Bridge financing is the other name used for the funds required to meet floatation costs.</p> <p>b. Commercial Papers issued by large and credit worthy companies. The instrument is in the form of an unsecured promissory note and is freely transferable by endorsement. It is sold at discount and redeemed at par. Its maturity period may range from a fortnight to a year. It is also used to meet the short term seasonal and working capital requirements of a business enterprise. For example it is used for the purpose of bridge financing.</p> <p style="text-align: center;">OR</p> <p>a. Developmental function is being carried out by SEBI by starting a certification programme for all market intermediaries.</p> <p>b. The objective of setting up SEBI are outlined below:</p> <ul style="list-style-type: none"> ➤ To regulate stock exchanges and the securities market to promote their orderly functioning. ➤ To protect the rights and interest of investors, and to guide and educate them. ➤ 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. ➤ To prevent trading malpractice in the securities markets. <p>(any two points)</p> <p>(1+2=3)</p>	<p>1</p> <p>2</p> <p>1</p> <p>1x2=2</p>

	<p>2. Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organisational performance.</p> <p>3. Directing guides employees to fully realize their potential and capabilities by motivating and effective leadership.</p> <p>4. Directing facilitates introduction of needed changes in the organisation.</p> <p>5. Effective directing helps to bring stability in the organization.</p> <p>Any four statement (1X4= 4)</p> <p style="text-align: center;">OR</p> <p>Measures to overcome communication barriers</p> <p>1. Clarify the ideas before communication.</p> <p>2. Communicate according to the needs of the receiver.</p> <p>3. Consult others before communicating.</p> <p>4. Be aware of the languages, tone and content of messages.</p> <p>5. Convey things of help and value to listeners.</p> <p>6. Ensure proper feedback.</p> <p>7. Communicate for present as well as future.</p> <p>8. Follow up communications.</p> <p>9. Be a good listener.</p> <p>(Any four statements) (1X4= 4) (1 mark for each statement)</p>	1 mark for each correct statement
28	<p>a. Financing decision – This decision is about the quantum of finance to be raised from various long term sources. The main sources of fund are shareholders funds and borrowed funds.</p> <p>Factor affecting the decisions: – <u>Control consideration</u></p> <p>b. Investment decision : A firm has to choose where to invest the scarce resource, so that they are able to earn the highest possible return for their investors.</p> <p>Factor affecting the decisions: – <u>The rate of return</u></p> <p>(2+2=4)</p>	2+2= 4
29	<p>Working Capital means the portion of capital invested in short-term assets of a firm.</p> <p>It is the excess of current assets over current liabilities. Factors which determine the working capital requirements are as follows:</p> <p>(i) Length of Operating cycle/Production cycle: Operating cycle refers to the length of the manufacturing cycle, i.e., the periods taken to convert raw materials into finished products. Longer period means more working capital requirement and vice versa.</p> <p>(ii) Credit policy/Credit allowed: If liberal credit terms are given and a liberal policy is followed, then the company would require more working capital as there is less cash inflow and vice versa.</p> <p>(iii) Nature of business: Manufacturing firm requires higher amount of working capital as compared to a trading organisation, to convert raw materials into the</p>	<p>(1X4= 4)</p> <p>½ mark for heading and ½ mark for the explanation</p>

	<p>finished goods.</p> <p>(iv) Scale of operations: Large amount of working capital is required by firms operating on a large scale of operations in terms of debt, inventory, etc. as compared to the small scale firms.</p> <p>(v) Seasonal factor: Higher amount of working capital is required by the organisation during its peak season as the level of activities is higher as compared to the lean season.</p> <p>(any five)</p> <p>(1/2 mark for head points and 1/2 mark for explanation)</p>	
30	<p>a. Right to Information</p> <p>b. Consumer Responsibilities (Any three)</p> <p>a. Be aware about various goods and services available in the markets so that an intelligent and wise choice can be made.</p> <p>b. Buy only standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.</p> <p>c. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.</p> <p>d. Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.</p> <p>e. Assert yourself to ensure that you get a fair deal. f. Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc.</p> <p>g. Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.</p> <p>(any three responsibilities)</p> <p>1+3= 4</p>	<p>1</p> <p>3</p> <p>1 mark for each correct statement</p>
31	<p>Functional Foremanship: It is an extension of principle of division of labour, resulting in specialisation. According to Taylor, a single worker or supervisor cannot be expected to be an expert in all aspects. Thus, he advocated the appointment of eight foremen to guide workers, under planning and production departments.</p> <p>Under the planning in-charge, there are four personnel:</p> <p>(i) Route clerk - He is responsible to specify the route of production. Deciding the process of production and determining the route for raw material, equipment, etc.</p> <p>(ii) Instruction card clerk He is responsible to give instructions to the workers.</p> <p>(iii) Time and cost clerk He is responsible to prepare time and cost sheets.</p> <p>(iv) Disciplinarian He is responsible to maintain discipline among workers.</p> <p>Under the production in-charge, there are four personnel:</p>	3+3= 6

	<p>(i) Speed boss - Speed boss ensuring that production is carried out quickly and detecting causes of delay and immediately eliminating them. He is responsible for timely completion of job.</p> <p>(ii) Gang-boss - He is responsible for keeping machines and tools ready for work.</p> <p>(iii) Repair boss- He is responsible to keep machines and tools in proper working condition.</p> <p>(iv) Inspector- He is responsible to maintain quality of work.</p> <p style="text-align: center;">OR</p> <p>a. Equity: This principle focuses on treating each employee fairly equally. That is, it states that each employee should be equal in the eyes of the manager. Although this principle calls for kindness in the behaviour of the manager, however sometimes force can also be used to set an example for other employees. In addition, the workers should be regarded as equal grounds of religion, language, caste, etc. This helps in building an amiable environment. For example- if workers from different religions or nationalities are working in the same organisation then no discrimination should be done against any.</p> <p>b. Authority and Responsibility: Authority means power to take decisions and responsibility means obligation to complete the job assigned on time. Authority and responsibility should go hand in hand. Mere responsibility without authority, makes an executive less interested in discharging his duties. Similarly giving authority without assigning responsibility makes him arrogant and there is fear of misuse of power</p> <p>c. Unity of Direction: According to this principle, each unit of the organisation should work towards a common objective. According to it, units having same goals should have a single head and plan. This principle helps in eliminating the overlapping of work. For example, if an organisation is engaged in the manufacturing of two products, then each should have its own separate department and divisions with their respective heads and plans.</p> <p>(2+2+2 =4)</p>	2x3= 6
32	<p>The managerial function followed by Rohan in the given case is 'planning'. Following are the first two steps in the process of planning which have been followed by Rohan in the given case:</p> <p>(i) Setting objectives: The very first step while carrying out the planning process is to set objectives. It should clearly specify what the organisation wants to achieve. All departments, divisions and units should have clearly stated objectives.</p> <p>(ii) Developing premises: Premises are the assumptions which the manager makes regarding the future. All planning activities are based on the premises. They form the basis of every plan. They can be in the form of existing plan, past events or a forecast. Accurate forecasts are usually based on the</p>	<p>(1.5 x 4= 6)</p> <p>(1/2 mark for heading + 1 marks for explanation)</p>

	<p>premises. Following are next two steps in the process of planning:</p> <p>(i) Identifying alternative courses of action: After determining objectives and developing premises the next stop is to identify various alternatives.</p> <p>(ii) Evaluating alternatives: After identifying the alternative, the positive and negative aspects of each alternative are evaluated. They are evaluated in the light of feasibility and consequence (1.5 x 4= 6)</p>	
33	<p>Elements of marketing mix are not discussed above.</p> <p>a. Promotion and Place</p> <p>Place: It is considered an important element of marketing mix because it includes all those activities that help in making the goods and services available to the prospective buyers in the right quantity, at the right time and in right condition. The two major decision areas under this function are: (i) Decision regarding channels of distribution. (ii) Physical movement of goods from the place where it is produced to the place of consumption. Thus, place mix involves a number of decisions relating to inventory control, intermediaries, negotiation, storage, warehousing, transportation, etc.</p> <p>Promotion: Promotion refers to the set of activities undertaken by a marketer to inform the prospective buyers about the product and persuading them to make a purchase. The various components of promotion mix are advertising, sales promotion, personal selling and public relation.</p> <p>b. The philosophy of marketing which is an extension of marketing concept is Societal marketing. The organizations must aim at identifying and satisfying the needs of the customers in an effective and efficient manner so that the well-being of the customers as well as the society is taken care of. The organization must lay emphasis on social, ethical and ecological aspects of marketing along with the customer satisfaction.</p> <p>(1/2 mark for identification + 1 ½ marks for explanation) (2x3= 6)</p>	<p>(2x3=6) (1/2 mark for identification + 1 ½ marks for explanation)</p>

34	<p>Steps involved in the process of organising:</p> <ol style="list-style-type: none"> <u>1. Identification and Division of Work</u>: The first step in the process of organising is to identify the various activities in the organisation and to divide them according to the plans. Division of work ensures that there is no duplication of work. In this way, it avoids the wastage of resources. <u>2. Departmentalisation</u>: When the work is divided, activities which are similar in nature are grouped together in departments. This grouping can be done on the basis of several criteria such as regions and products. It promotes specialisation in work. <u>3. Assigning Duties</u>: The third step is to assign and allocate the work to different employees. It must be ensured that the work is assigned according to the skills and capabilities of employees. In other words, it must be ensured that the best suitable person is selected for the work. <u>4. Establishing reporting relationships</u>: A proper hierarchical structure must be established. Every employee must be clear that from whom he would take orders and to whom he is reporting. Such clarity in working relationships help in smooth operations in the organisation. <p style="text-align: center;">OR</p> <p>Functional structure involves grouping of employee positions into departments as the organisation's functions. Thus, each department will have specialised and similar skills and expertise, work activities and resource use.</p> <ol style="list-style-type: none"> A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance. It promotes control and coordination within a department because of similarity in the tasks being performed. It helps in increasing managerial and operational efficiency and this results in increased profit. It leads to minimal duplication of effort which results in economies of scale and this lowers cost. It makes training of employees easier as the focus is only on a limited range of skills. It ensures that different functions get due attention. <p>(any five) 1+5=6</p>	<p>(1.5x 4= 6)</p> <p>(1/2 mark for heading + 1 marks for explanation)</p> <p style="text-align: center;">1</p> <p>1x5= 5 (1 mark for each statement)</p>
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