Marking Scheme
CLASS XII Preboard Examination (2014-15)
Business Studies
SET A

1. Standards are the criteria against which actual performance is measured. (1 mark)
2. Middle Level Management (1 mark)
3. Any one of the following (1 mark)
   
<table>
<thead>
<tr>
<th>Basis</th>
<th>Management Principles</th>
<th>Pure Science Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility</td>
<td>They are flexible</td>
<td>They are rigid in nature</td>
</tr>
<tr>
<td>Application</td>
<td>They have to be applied</td>
<td>They are applied in static or</td>
</tr>
<tr>
<td></td>
<td>creatively as they deal with</td>
<td>absolute manner</td>
</tr>
<tr>
<td></td>
<td>unpredictable human</td>
<td></td>
</tr>
<tr>
<td></td>
<td>behavior</td>
<td></td>
</tr>
<tr>
<td>Relation with Environment</td>
<td>They have to keep pace with</td>
<td>They are not required to keep</td>
</tr>
<tr>
<td></td>
<td>changing environment</td>
<td>pace with changing environment</td>
</tr>
</tbody>
</table>

4. Any two of the following
   i. Perishability of the product
   ii. Unit value of the product
   iii. Industrial or consumer product
   iv. Degree of complexity (½ mark each = ½ x 2 = 1 Mark)

5. Technological Environment (1 mark)
6. Registered Brokers (1 mark)
7. Any one of the following
   i. Prohibition of fraudulent and unfair trade practices
   ii. Controlling insider trading
   iii. Interest protection of investors
   iv. Promotion of fair practices (1 Mark)
8. Workload Analysis and Workforce Analysis (½ mark each = ½ x 2 = 1 Mark)
9. 
<table>
<thead>
<tr>
<th>Basis</th>
<th>Functional Structure</th>
<th>Divisional structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formation</td>
<td>It is formed on the basis of</td>
<td>It is formed on the basis of</td>
</tr>
<tr>
<td></td>
<td>functions</td>
<td>product</td>
</tr>
<tr>
<td>Managerial</td>
<td>There are less chances of</td>
<td>Managerial development is easy</td>
</tr>
<tr>
<td>development</td>
<td>managerial development as</td>
<td>due to greater autonomy and</td>
</tr>
<tr>
<td></td>
<td>manager becomes specialized in</td>
<td>chance to perform multiple</td>
</tr>
<tr>
<td></td>
<td>one function only.</td>
<td>functions.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>It is difficult to fix</td>
<td>It is easy to fix responsibility</td>
</tr>
<tr>
<td></td>
<td>responsibility on a particular</td>
<td>for performance on the department.</td>
</tr>
<tr>
<td></td>
<td>department</td>
<td></td>
</tr>
</tbody>
</table>

(1 mark for each correct difference = 1 x 3 = 3 marks)
10. Importance of Planning: (Any three of the following)
   i. Planning provides direction
   ii. Planning reduces the risk of uncertainty.
   iii. Planning reduces overlapping and wasteful activities.
   iv. Planning promotes innovative ideas
   v. Planning facilitates decision making
   vi. Planning establishes standards for controlling.

   (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

   (½ mark for each heading and ½ mark for each explanation = 1 x 3 = 3 marks)

11. Personality Test – This test measures the personal characteristics such as value system, beliefs, attitudes, capacity to get along, maturity etc. It aims to explore qualities of the personality as a whole, the combination of aptitude, interest, usual mood and temperament.

   (1 mark for name + 2 marks for explanation) 1 + 2 = 3 marks

12. Any three of the following
   i. Describe the product and specify its content
   ii. Identify the product or brand
   iii. To help in grading of the products
   iv. Promote the product
   v. Provide information required by law.

   (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

   (½ mark for each heading and ½ mark for each explanation = 1 x 3 = 3 marks)

13. Financial Planning

   Importance of Financial Planning (Any two of the following)
   i. Prepares for future challenges
   ii. Helps in avoiding business shocks and surprises
   iii. Helps in coordination
   iv. Helps to eliminate wasteful efforts.
   v. Provides link between investment and financing decisions
   vi. Facilitates Financial control

   (If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

   (1 mark each) = 1 x 2 = 2 marks

14. (a) Right to safety
    (b) ISI Mark
    (c) Right to be informed

    The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity etc.

    (1 Mark)

    (1+1+2=4 Marks)
15. Coordination – It refers to orderly arrangement of group efforts to provide unity of action in order to achieve common purpose. (1 Mark)

Importance of Coordination:

(i) Growth in size: Large size organizations imply a large number of people who differ in their habits, approaches and therefore are prone to conflicts to avoid which coordination is important.

(ii) Functional Differentiation: Different departments of an organization performing different functions have their own objectives and styles of working which may cause conflicts to overcome which coordination is important.

(iii) Specialization: modern day organizations are characterized by specialization and specialists who think only they are qualified to evaluate and judge and do not welcome advice and suggestions from other which often leads to conflicts. Coordination helps to integrate efforts of various specialists in the organization.

(1 mark for each correct importance = 1 x 3 = 3 marks)

16. Stability of Personnel (1 Mark)

Adverse effect of its violation: (any three of the following)

(i) Unnecessary labour turnover creates an atmosphere of disbelief
(ii) Decline in the reputation of the company
(iii) Increase in cost of recruitment, selection and training
(iv) Wastage of considerable time in learning new job

(1 mark for each adverse effect = 1 x 3 = 3 marks)

17. Steps in the process of Organising:

(i) Identification and division of work
(ii) Departmentalisation
(iii) Assignment of duties to job positions.
(iv) Establishing reporting relationships.

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

(½ mark for each heading and ½ mark for each explanation = 1 x 4 = 4 marks)

18. Any four of the following:

<table>
<thead>
<tr>
<th>Basis</th>
<th>Single Use Plan</th>
<th>Standing Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning</td>
<td>Those plans which are formulated to meet the requirements of a particular situation and to accomplish specific objectives.</td>
<td>These are those plans which can be used again and again whenever a particular situation arises.</td>
</tr>
<tr>
<td>Objectives</td>
<td>These are developed for activities which are not likely to be replaced in future.</td>
<td>Standing plans are developed for activities which are recurring in nature.</td>
</tr>
<tr>
<td>Period</td>
<td>These plans are generally formulated for a short period</td>
<td>These plans are formulated for a long period.</td>
</tr>
<tr>
<td>Stability</td>
<td>These plans have less stability as they are discarded when the specific situation or</td>
<td>These plans are relatively stable as they are used over and over again</td>
</tr>
</tbody>
</table>
project is over.

<table>
<thead>
<tr>
<th>Scope</th>
<th>These plans generally have a narrow scope as they are formulated to fit the specific situation.</th>
<th>Standing Plans have a wide scope as they involve more than one department of business function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example</td>
<td>Cash Budget, programme.</td>
<td>Procedure for processing an order or recruitment of employee.</td>
</tr>
</tbody>
</table>

(1 mark for each correct difference = 1 x 4 = 4 marks)

19. Any four of the following or any other value the examiner finds suitable
   i. Conflict resolution – By acting as a link between workers and management and maintaining friendly relations with workers
   ii. Respect for order – By influencing the worker in the organization
   iii. Responsibility – By ensuring performance of work as per the targets set
   iv. Discipline – By working at the operational level, she can maintain discipline in the organization
   v. Harmony / Team work / Group Unity – By sorting out internal differences among workers

(1 mark for each correct value) 1 x 4 = 4 marks

20. The process of controlling involves following steps:
   (i) Setting performance standards.
   (ii) Measurement of Actual performance
   (iii) Comparison of Actual Performance with standards
   (iv) Analysing Deviations
   (v) Taking corrective actions.

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

(½ mark for each heading and ½ mark for each explanation = 1 x 5 = 5 marks)

21. Impact of economic reforms on the business: (Any five of the following)
   (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

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

(½ mark for each heading and ½ mark for each explanation = 1 x 5 = 5 marks)

22. Promoters should approach money market for raising funds for meeting day to day requirements (working capital) (1 Mark)

   Instruments of Money market: (any four)
   (i) Treasury Bill
   (ii) Commercial paper
   (iii) Call Money
23. Price
Factors effecting price determination (Any five of the following)
i) Product cost
ii) Utility and demand of the product
iii) Extent of competition in the market
iv) Government and legal regulations
v) Pricing objectives
vi) Marketing methods used

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)

(½ mark for each correct instrument and ½ mark for each correct explanation = 1 x 5 = 5 marks)

1 + 5 = 6 marks

OR

(i)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Product</th>
<th>Sales Promotions Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Cars</td>
<td>Selling the product at 0% interest recovering price in installments.</td>
</tr>
<tr>
<td>(b)</td>
<td>Washing Powder</td>
<td>Distributing samples</td>
</tr>
<tr>
<td>(C)</td>
<td>Readymade Garments</td>
<td>Selling the product at 40% discount</td>
</tr>
<tr>
<td>(d)</td>
<td>Noodles</td>
<td>Distributing packets of Sauce with the product</td>
</tr>
</tbody>
</table>

(½ mark for each correct alternative = ½ x 4 = 2 marks)

(ii)
A. Full finance @ 0%
B. Samples
C. Discount
D. Product Combination

(¼ mark for naming each method and ¼ mark for each correct explanation = 1 x 4 = 4 Marks)

(2 + 4 = 6 Marks)

24. Limitations of Internal Source of Recruitment:
(i) Limited Choice
(ii) Lack of fresh talent
(iii) Not suitable for a new enterprise
(iv) Decrease in enthusiasm level
(v) Lack of competition
(vi) Low productivity.

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)
Financial Incentives  
Types of financial Incentives: (any five of the following)  
(i) Pay and allowance  
(ii) Productivity linked wage incentive  
(iii) Bonus  
(iv) Profit sharing  
(v) Co- partnership / stock option  
(vi) Retirement benefits  
(vii) Perquisites  

(½ mark for each heading and ½ mark for each correct explanation = 1 x 5 = 5 marks)  

Factors effecting Fixed capital Requirement: (any three of the following)  
(i) Nature of business  
(ii) Scale of operations  
(iii) Choice of techniques  
(iv) Technology Upgradation  
(v) Growth Prospects  

Factors effecting Working capital Requirement: (any three of the following)  
(i) Nature of Business  
(ii) Scale of operations  
(iii) Business Cycle  
(iv) Production cycle  
(v) Operating efficiency  
(vi) Growth prospects  

(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted.)  

(½ mark for each heading and ½ mark for each correct explanation = 1 x 6 = 6 marks)  

OR  

Trading Procedure on a stock Exchange (with explanation):  
(i) Selection of Broker.  
(ii) Opening Demat Account.  
(iii) Placing the order  
(iv) Executing the order  
(v) Settlement.  

(1 + 1½ + 1 + 1½ = 6 marks)