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

1. Workload Analysis and Workforce Analysis (½ mark each = ½ x 2 = 1 Mark)
2. Any one of the following

<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 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>

3. Middle Level Management (1 mark)
4. Standards are the criteria against which actual performance is measured. (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. 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)
9. Labour contractor – Under this method intermediaries known as agents or labour contractors are used for hiring unskilled and semi skilled workers. The contractors keep themselves in touch with the labour and can provide required number of unskilled workers at short notice. (1 mark for name + 2 marks for explanation) 1 + 2 = 3 marks
10. Limitations of Planning: (Any three of the following)
    i. Planning leads to rigidity
    ii. Planning may not work in a dynamic environment
iii. Planning reduces creativity
iv. Planning involves huge costs
v. Planning is a time-consuming process
vi. Planning does not guarantee success

(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. | Basis     | Delegation                                           | Decentralization                           |
    |          | Delegation is a compulsory act because no individual can perform all tasks on his own | Decentralization is an optional policy decision. It is done at the discretion at the top management |
    | Nature   | It aims to reduce the work load of the manager      | It aims to enhance role of subordinates in organization by giving them more autonomy |
    | Purpose  | Less freedom is given to subordinates as control is in the hands of superior | More freedom is given to subordinates to take decisions |
    | Freedom of action |                                                  |                                                  |

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

12. **Financial Management** – It is concerned with management with flow of funds and involves decisions relating to procurement of funds, investment of funds in long term and short term assets and distribution of earnings to the owners. (1 mark)

**Decisions taken by a financial manager** (Any two of the following)

i. Investment decision – It is concerned with investment of firm’s funds in different assets. It can be categorized as capital budgeting decision and working capital decision

ii. Financing decision – It deals with determination of sources of finance, amount to be raised from each source and the cost of each source of finance

iii. Dividend decision – It involves the amount of profit to be distributed among share holders and amount of profit to be retained in the business to meet investment requirements

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

(1 + 2 = 3 marks)

13. **Functions of Packaging** : (Any three of the following)

i. Product identification – Packaging makes the identification of the product easy, eg. Brook Bond tea can be easily identified from its packaging.

ii. Product protection – Packaging protects the product from damaging and deterioration during transportation, storage and distribution.

iii. Facilitating use of the product – Packaging should be convenient to handle and use. It should be easy to open and dose and should fit well into the cupboard, etc. eg. Pet bottle of Pepsi or Coke.
iv. Product promotion – It makes the product attractive and induces the customers to buy it.

Packaged goods are highly suitable for self service stores.

(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)

14. 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

15. 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 project is over.</td>
<td>These plans are relatively stable as they are used over and over again</td>
</tr>
<tr>
<td>Scope</td>
<td>These plans generally have a narrow scope as they are formulated to fit the specific situation.</td>
<td>Standing Plans have a wide scope as they involve more than one department of business function</td>
</tr>
<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)

16. Coordination – It refers to orderly arrangement of group efforts to provide unity of action in order to achieve common purpose.

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.
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)

(1 + 3 = 4 marks)

17. Stability of Personnel

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)

(1 + 3 = 4 Marks)

18. 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)

19. (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)

20.

<table>
<thead>
<tr>
<th>Basis</th>
<th>Primary market</th>
<th>Secondary Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of Securities</td>
<td>Deals with issue of new securities</td>
<td>Deals with sale and purchase of existing securities only.</td>
</tr>
<tr>
<td>Capital Formation</td>
<td>Promotes capital formation directly as funds flow directly from savers to investors.</td>
<td>Promotes of capital formation indirectly.</td>
</tr>
<tr>
<td>Determination of Price</td>
<td>Prices of securities are determined by the management of company.</td>
<td>Prices of securities are determined by demand and supply of securities</td>
</tr>
<tr>
<td>Location</td>
<td>There is no fixed geographical location</td>
<td>It is located at specific place</td>
</tr>
<tr>
<td>Process of Transactions</td>
<td>The company sells securities either directly to the investors or through an intermediary</td>
<td>The ownership of existing securities is exchanged between investors without</td>
</tr>
</tbody>
</table>
21. **Features of Business Environment:** (Any five of the following)
   (i) Totality of the external forces.
   (ii) Specific and general forces
   (iii) Inter-relatedness
   (iv) Dynamic nature
   (v) Uncertainty
   (vi) Complexity
   (vii) Relativity

   (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. 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)

23. 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 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)

24. 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 heading and ½ mark for each 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  

(½ mark for naming each method and ½ mark for each correct explanation = 1 x 4 = 4 Marks)
(2 + 4 = 6 Marks)

25. 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.)

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

OR

Financial Incentives (1 Mark)

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)

(1 + 5 = 6 marks)