

First Rehearsal Examination 2023-24

BUSINESS STUDIES (054)

MARKING SCHEME

	SET 1
Q.NO.	
1	B
2	D
3	C
4	B
5	C
6	B
7	A
8	C
9	A
10	A
11	C
12	C
13	B
14	C
15	D
16	A
17	C
18	D
19	B
20	D

	PART B	
21	<p>The various features of management highlighted in the above paragraph are stated below:</p> <ol style="list-style-type: none">1. Management is all pervasive: “Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their master’s in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest.”2. Management is a goal-oriented process: “Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons.”3. Management is a continuous process: “Both of them have to perform a series of continuous, composite, but separate functions. Like on some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee’s problem.”	3

	<p>4. Management is a group activity: “Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them.”</p> <p>5. Management is an intangible force: “The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.”</p> <p>Any 3(1/2 title point and ½ explanation)</p>	
<p>22</p>	<p><input type="checkbox"/> The functions of management highlighted in the above paragraph are Controlling and Directing.</p> <p>Controlling involves comparison of actual performance with the planned performance. If there is any difference or deviation, then finding the reasons for such difference and taking corrective measures or action to stop those reasons so that they don't re-occur in future and that organizational objectives are fulfilled efficiently. Directing means giving instructions, guiding, counselling, motivating and leading the staff in an organization in doing work to achieve Organizational goals.</p> <p><input type="checkbox"/> The employees are motivated under Employee recognition programmes which is a <i>non-financial incentive</i>. Employee recognition programmes helps to fulfill the need of due consideration and appreciation of the people working in an organisation. It boosts their self-esteem and motivates them to work with greater zeal and enthusiasm.</p> <p>Identification and definition of the concepts (1/2 + ½) Stating the incentive (1 mark)</p> <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 1. The function of management discussed above is Controlling. 2. The steps (2 STEPS) involved in the process of controlling which are discussed in the above paragraph are: <ul style="list-style-type: none"> ○ Setting standards of performance: “concluded that on an average, a worker can assemble ten air-conditioners in a day.” “The target volume of the company in a day is assembling of 1,000 units of air-conditioners.” ○ Measurement of actual performance: ” Even then the assembling of air-conditioners per day is 800 units only.” ○ Comparison of actual performance with the standards: The company compared actual performance of the workers with the planned performance and noted deviation of 200 units. ○ Analysing deviations: “To find out the reason, the company compared the actual performance of each worker and observed through CCTV that some of the workers were busy in gossiping.” <p>Identification: 1 mark</p> <p>Two Steps: (Title(1/2) + explanation(1/2) marks)</p>	<p>3</p>

23	<p>1. Campus Recruitment is the source of external recruitment adopted by the company.</p> <p>2. The advantages of using the external sources of recruitment are stated below:</p> <ul style="list-style-type: none"> ○ Qualified Personnel: Through the external sources of recruitment, the management is able to attract qualified and trained people to apply for the vacant job positions in the organisation. ○ Wider Choice: As the vacancies are advertised widely a large number of applicants from outside the organisation are likely to apply. This gives the organisation a wider choice while selecting the people for employment. ○ Fresh Talent: The organisations cannot fulfil all the vacancies from within the organisation. Therefore, by using the sources of external recruitment they get a wider choice and it brings new blood into the organisation. <p style="text-align: center;">Identification : 1 Mark</p> <p style="text-align: center;">Advantages : (1/2 title point + ½ explanation)</p>	3
24	<p>1. A Demat account is an account used for holding securities in electronic form.</p> <p>2. The Broking house is acting as the depository participant for Harsh.</p> <p>3. A contract note is a legally enforceable document that helps to settle the claims between the investor and the broker.</p> <p>Each explanation – 1 Mark</p>	3
25	<p>1. Organisational barrier is being overcome by providing organisation facilities through a number of channels of expression to their employees to communicate their ideas and thoughts.</p> <p>The Organizational Barriers refers to the hindrances in the flow of information among the employees that might result in a commercial failure of an organization.</p> <p>2. Two other types of communication barriers are described below:</p> <ul style="list-style-type: none"> ○ Psychological barriers: Sometimes the emotional or psychological factors act as barriers to communicators. Thus, the state of mind of both sender and receiver of communication reflects in effective communication. For example, premature evaluation, distrust etc. ○ Semantic barriers: These barriers are concerned with problems and obstructions in the process of encoding and decoding of message into words or impressions. Normally, such barriers result on account of use of wrong words, faulty translations, different interpretations etc. <p style="text-align: center;">OR</p> <p>1. Democratic or participative leadership: A democratic leader takes decisions after consultation and encourages the participation of subordinates. He decentralises authority and allows the subordinates to share his power</p>	4

	<p>2. Free-rein or laissez-faire leadership: It involves complete delegation of authority so that subordinates themselves take decisions. The free-rein leader avoids holding power and surrenders the authority to subordinates.</p>	
26	<p>Benefits of imparting training to the employees :</p> <ol style="list-style-type: none"> 1. Better career: Training leads to better career opportunities for the employees as it helps to improve their skills and knowledge of doing the job. 2. Increased earnings: Training leads to increased performance by the employees thereby helping them to earn more. 3. Increased efficiency: Training makes the employees more efficient in handling machines and less prone to accidents. 4. Improved motivation: Training increases the satisfaction and morale of employees thereby motivating them to work with greater enthusiasm. <p style="text-align: center;">OR</p> <p>The supervisor may provide Vestibule training to the workers in order to enable them handle their work independently.</p> <p>Vestibule training is a popular method for providing off the job training during which the trainees learn their jobs on the equipment they will be using at their actual work place. This is usually done when employees are required to handle sophisticated machinery and equipment.</p> <p>Benefits of training to the organization:</p> <ol style="list-style-type: none"> 1. Training imparts systematic learning to employees thereby helping to avoid wastage of efforts and money and is considered better than the hit and trial method. 2. It increases the employees' productivity both in terms of quantity and quality, leading to higher profits. 3. Training increases the morale of the employees and reduces absenteeism and employee turnover. 4. It helps in obtaining effective response to fast changing environment – technological and economic. 5. Training equips the future manager who can take over in case of emergency. 	4
27	<p>(a) Sumit's responsibility as an informed consumer to obtain the company's services is to learn about the risks associated with the products as well as services, to follow the manufacturer's instructions, and to use the products safely.</p> <p>(b) A consumer has six rights under the Consumer Protection Act. A consumer's rights are as follows.</p>	4

	<p>1. Right to Safety: Every consumer has under the act the right to be protected from goods and services that endanger life, health, or property. Manufacturing flaws in electrical appliances and cooking gas cylinders, for example, can be hazardous. The consumer has a right to be shielded from such products.</p> <p>2. Right to be Informed: Under this, the consumer has the right to be informed about the quality, quantity, price, ingredients, weight, and other aspects of the goods and services. In India, manufacturers are required by law to provide all such information on the package and label of the goods. This helps the consumer in taking an informed decision.</p> <p>3. Right to Choose: A consumer has, under the act, the right to select from a wide range of goods and services at competitive prices. That is, the consumer has the right to a diverse range of products at reasonable and competitive prices. As a result, the retailer or supplier should provide a wide range of products in terms of quality, brand, price, and so on. They should not persuade customers to purchase a specific product or service.</p> <p>4. Right to be Heard: A consumer has the right to file a complaint if he or she has a complaint or is dissatisfied with something. A consumer in such case can file a legal complaint as well as seek redress for any form of exploitation in appropriate government-established forums. Many consumer organisations and associations are now working in this area as well.</p> <p>5. Right to Seek Redress: In any case of exploitation, consumer under the act has right to seek redress as well as compensation. The Consumer Protection Act provides in such cases for compensation in the form of product replacement, cash compensation, defect repair/removal, and so on.</p> <p>6. Right to Consumer Education: It is said to be the right of the consumers to be educated as well as to have awareness of their rights, as well as the remedies available in the event of exploitation. Many government and non-governmental organisations are actively involved in this endeavour.</p>	
28	<p>Factors affecting the Requirement of Fixed Capital (any four):</p> <ol style="list-style-type: none"> 1. Nature of Business: The type of business has a bearing upon the fixed capital requirements as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation; since it does not require to purchase plant and machinery, etc. 2. Scale of Operations: A larger organisation operating at a higher scale needs bigger plant, more space etc. and therefore, requires higher investment in fixed assets when compared with the small organisation. 3. Technology Upgradation: In certain industries, assets become obsolete sooner and need to be replaced faster resulting in higher investment in fixed assets. 4. Growth Prospects: Higher growth of an organisation generally, requires higher investment in fixed assets to meet the anticipated higher demand quicker. 5. Diversification: A firm may choose to diversify its operations, leading to higher investment in fixed capital. 	4

	<p>6. Choice of Technique: A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour resulting in higher requirement of fixed capital as compared to a labour-intensive organisation.</p> <p>½ mark for identifying + ½ mark for stating each factor</p>	
29	<p>Ans.(a) Directing Directing is the process of instructing, guiding, communicating, counselling, motivating and leading people in the organisation to achieve its objectives.</p> <p>(b) Importance of Directing function (any three)</p> <p>(i) Directing helps to initiate action by people in the organisation towards attainment of desired objectives.</p> <p>(ii) Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organizational performance.</p> <p>(iii) Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership.</p> <p>(iv) Directing facilitates introduction of needed changes in the organisation.</p> <p>(v) Effective directing helps to bring stability and balance in the organisation by fostering cooperation and commitment among the people.</p>	4
30	<p>Financial planning is the preparation of financial blue print, which foresees entire fund requirement in respect to quantum as well as the timing.</p> <p>Various points of importance of financial planning are:</p> <p>(i) Helps to face the eventualities It forecasts the future business situations which helps in preparing alternative financial plans to face the eventual situations.</p> <p>(ii) Helps in avoiding business shocks and surprises Proper provision regarding shortage or surplus of funds is made by anticipating future receipts and payments. Hence, it helps in avoiding business shocks and surprises.</p> <p>(iii) Helps in coordination It helps in coordinating various business activities, such as sales, purchase, production, finance, etc.</p> <p>(iv) Helps in avoiding wastage of finance In the absence of financial planning, wastage of financial resources may take place. This arises due to the complex nature of business operations such as, excessively over or under estimation of finance for a particular business operation. Such type of wastages can be avoided through financial planning.</p> <p>(v) Helps to link the present with the future It makes efforts to link the present with the future. By doing so, it helps to minimise the risks of future uncertainties.</p> <p>(vi) Helps in creating link between investment and financing decisions It helps in deciding that where the to invest and from where the required funds will be made</p>	4

	<p>available. Under it, the mix of share capital and debt capital is made in such a manner that cost of capital is reduced to minimum.</p> <p>Any 4 Points (1/2 title and ½ explanation)</p>	
<p>31</p>	<p>1.a. Functional Foreman-ship: Functional foreman-ship is a technique in which planning and execution are separated. There are eight types of specialized, professionals, four each under planning and execution who keep a watch on all workers to extract optimum performance.</p> <p>b. Fatigue study: Fatigue study seeks to determine time and frequency of rest intervals in completing a task. The rest interval will enable workers to regain their lost stamina thereby avoiding accidents, rejections and industrial sickness.</p> <p>c. Differential piece wage system: This system links wages and productivity. The standard output per day is established and two-piece rates are used: higher for those who achieve up to and more than standard output i.e., efficient workers and lower for inefficient and slow workers. Thus, efficient workers will be rewarded & inefficient will be motivated to improve their performance.</p>	<p>3+3 = 6</p>

2.

	Name of Principle	THEN	NOW
1.	Division of Work	Specialisation in workers Job design	Generalisation in workers' Job design
2.	Authority & Responsibility	Managers are empowered	Employees are empowered
3.	Discipline	Formalised Controls	Informal, Peer pressure controls
4.	Unity of Command	Subordinates report to only one boss	Subordinates report to multiple bosses
5.	Unity of Direction	Functions have only one plan and one boss	Functions have multiple plans and multiple bosses
6.	Subordination of individual interest to common good	Employees are committed to the organisation •	Organisation is committed to the employees and vice versa
7.	Remuneration of personnel	Reasonable Pay reward system	Performance based reward system
8.	Centralisation	Trickle down decision making	Task relevant ad hoc decision making
9.	Scalar Chain	Hierarchical, formalised communication channel	Less formalised, flatter communication structure.
10.	Order	Internal information system for control purposes	Internal information system for coordination purposes.
11.	Equity	Commitment obtained through kindness	Commitment obtained through a sense of ownership
12.	Stability of tenure of personnel	Train employees and encourage them to remain	On-going employee training and development
13.	Initiative	Managers conceive and implement new ideas	Workers conceive and implement new ideas
14.	Espirit de corps	Maintaining high morale among employees is imperative	Maintaining high morale among employees is desirable.

OR

1.Remuneration of Employees:

The overall pay and compensation should be fair to both employees and the organisation. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time, it should be within the paying capacity of the company. In other words, remuneration should be just and equitable. This will ensure congenial atmosphere and good relations between workers and management. Consequently, the working of the company would be smooth.

Centralisation and Decentralisation:

The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. According to

	<p>Fayol, “There is a need to balance subordinate involvement through decentralisation with managers’ retention of final authority through centralisation.” The degree of centralisation will depend upon the circumstances in which the company is working. In general, large organisations have more decentralisation than small organisations.</p> <p>Scalar Chain: An organisation consists of superiors and subordinates. The formal lines of authority from highest to lowest ranks are known as scalar chain. According to Fayol, “Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.”</p> <p>2. 1. Just In Time Manufacturing: It is an inventory management strategy to improve return on investment by reducing in process inventory and its associated costs. The system is implemented by the use of visual signals or KANBAN, which tells whether the replenishment is required at any level of production process, or not.</p> <p>2. Lean Manufacturing: It is a management philosophy focusing on reduction of seven wastes of overproduction, waiting time, transportation, processing, motion, inventory and scrap in any type of manufacturing process or any type of business. By eliminating waste, quality is improved, production time is reduced and cost is reduced.</p> <p>3. Kaizen: It is a Japanese word, which means ‘change for better’ or ‘improvement’. It is an approach to improvement of productivity through application of works of American experts such as F.W. Taylor by Japanese after World War II. The goals of kaizen include elimination of waste (which is defined as those activities which add cost but not value to the product or service), just in time delivery, production load levelling of amount and types, standardised work, paced moving lines, right sized equipment and others. A closer Japanese use of the word means ‘to take apart and put it in a better way’. What is taken apart is usually a process, system, product or service. It is a daily activity which humanizes the workplace, eliminates hard work both physical and mental, teaches people how to do rapid experiments using scientific method and how to learn to see and eliminate waste in business processes.</p>	
32	<p>Answer: The different types of plans discussed above are listed below:</p> <ol style="list-style-type: none"> Objectives: Objectives are the end results of the activities that-an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives. “One of her objectives was to earn 10% profit on the amount invested in the first year.” Policy: A policy is a set of general guidelines that helps in managerial decision making and action. “It was decided that the raw materials like fruits, vegetables, spices, etc. will 	6

be purchased on three months credit from farmers cultivating only organic crops.”

3. **Procedure:** A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. “She also decided to follow the steps required for marketing of the products through her own outlets.” “The exact manner in which the production activities are to be carried out.”
4. **Rule:** A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation. “While working on the production table, a penalty of ? 100 per day for not wearing caps, gloves and aprons was announced.”
5. **Budget:** A budget refers to a financial plan that is expressed in numerical terms. “Mohan also prepared a statement showing the number of workers different products for the forthcoming quarter.”

Identification: ½ Mark

Quoting the lines: ½ Mark

Explanation: 1 Mark

OR

(i) Planning provides directions:

By stating in advance how work is to be done planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.

If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals. Departments and individuals in the organisation

are able to work in coordination. If there was no planning, employees would be working in different directions and the organisation would not be able to achieve its desired goals.

(ii) 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. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

(iii) 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. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated. It is easier to detect inefficiencies and take corrective measures to deal with them.

33	<p>1. The three functions of marketing with reference to the above paragraph are described below:</p> <ul style="list-style-type: none"> • Gathering and analyzing market information: The prime focus of marketing is to ‘find wants and fill them’. Therefore, it is absolutely essential for a company to study the needs and preferences of its target market in order to satisfy their needs and wants optimally. • Standardisation and grading: Standardisation refers to the process of manufacturing goods as per predetermined specifications. Grading refers to the process of classifying goods on the basis of certain criteria like quality, size etc. Usually, agricultural products are subject to grading. • Branding: Branding is the process of assigning a name (brand name), sign or symbol (brand mark) or a combination of all to a product. It is considered to be a very important decision by the marketers because it facilitates product differentiation. This helps the company to obtain a desirable market share. <p>2. Brand Name: That part of a brand, which can be spoken, is called a brand name. In other words, brand name is the verbal component of a brand.</p> <p>Brand Mark: That part of a brand which can be recognised but which is not utterable is called brand mark. It appears in the form of a symbol, design, distinct colour scheme or lettering.</p> <p>Trade Mark: A brand or part of a brand that is given legal protection is called trademark. The protection is given against its use by other firms. Thus, the firm, which got its brand registered, gets the exclusive right for</p>	3+3=6
34	<p>1. The approach followed by ‘Home Creations Ltd.’ to run their stores successfully is Decentralisation. Decentralisation refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.</p> <p>2. The importance of decentralisation is highlighted through the following points:</p> <ul style="list-style-type: none"> ○ Develops initiative among subordinates: Decentralisation helps to promote self-reliance and confidence amongst the subordinates. The lower managerial levels are empowered to take their own decisions and they learn to depend on their own judgment. This helps to identify those executives who have the necessary potential to become dynamic leaders. ○ Develops managerial talent for the future: Decentralisation is an effective means for training employees to use their talent in real life situations as it provides them many opportunities to prove their abilities. Thus, it helps to create a pool of qualified employees who may be considered to fill up challenging job positions internally through promotions. At the same also it so helps to identify those employees who may not be successful in assuming greater responsibility. 	6

○ **Quick decision making:** Decentralisation facilitates quick decision making as the employees are allowed to act independently within their area of jurisdiction.

3. The two values that 'Home Creations Ltd.' wants to communicate to its employees are:

○ Initiative

○ Trust

Identification: 1 Mark

Definition : 1 Mark

Importance: ½ title and ½ explanation

Two Values: Each ½ mark