

केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली  
सीनियर स्कूल सर्टिफिकेट परीक्षा (कक्षा बारहवीं) )  
परीक्षार्थी प्रवेश-पत्र के अनुसार भरें

विषय Subject : Business Studies  
विषय/कोड Subject Code : 054  
परीक्षा का दिन एवं तिथि  
Day & Date of the Examination : Wednesday, 4/3/15  
उत्तर देने का माध्यम  
Medium of answering the paper : English

प्रश्न/पत्र के ऊपर लिखे  
कोड को दर्शाए :  
Write code No. as written on  
the top of the question paper :

Code Number	Set Number
<u>66/1/2</u>	① ● ③ ④

अतिरिक्त उत्तर-पुस्तिका (ओं) की संख्या  
No. of supplementary answer-book(s) used

1

विकलांग व्यक्ति :  
Person with Disabilities :  
हाँ / नहीं  
Yes / No

NO

किसी शारीरिक अक्षमता से प्रभावित हों तो संबंधित वर्ग में ✓ का निशान लगाएँ।  
If physically challenged, tick the category

B	D	H	S	C	A
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B = ब्रिडिहोन, D = मूक व बधिर, H = शारीरिक रूप से विकलांग, S = स्पैस्टिक  
C = डिस्लेक्सिक, A = ऑटिस्टिक

B = Visually Impaired, D = Hearing Impaired, H = Physically Challenged  
S = Spastic, C = Dyslexic, A = Autistic

क्या लेखन - लिपिक उपलब्ध करवाया गया :  
Whether writer provided :  
हाँ / नहीं  
Yes / No

NO

यदि ब्रिडिहोन हैं तो उपयोग में लाए गये  
सॉफ्टवेयर का नाम :  
If Visually challenged, name of software used :

\*एक खाने में एक अक्षर लिखें। नाम के प्रत्येक भाग के बीच एक खाना रिक्त छोड़ दें। यदि परीक्षार्थी का नाम 24 अक्षरों से अधिक है, तो केवल नाम के प्रथम 24 अक्षर ही लिखें।  
Each letter be written in one box and one box be left blank between each part of the name. In case Candidate's Name exceeds 24 letters, write first 24 letters.

कार्यालय उपयोग के लिए  
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Q1 - The working capital requirements of Indian logistics would be LESS.

This is because it is a service company and does not require to maintain adequate levels of inventories.

Ans 2 - The marketing management philosophy being followed is THE SOCIETAL CONCEPT

Ans 3 - No, Srikha cannot appeal against the decision of the district forum because the appeal can be made to the State Commission only within 30 days of the passing of the judgement by the District Forum.

Ans 4 - Every individual has a different purpose for joining the organisation. But as members of the organisation, all individuals strive to achieve the organisational goals. Therefore, management rewrites

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The personal objectives with the organisational objectives for complete harmony in the organisation. It thereby helps the individual to achieve their personal goals while contributing to the organisational goals.

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Ans 5 - The function of Management discussed is ORGANISING.

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Ans 6 - Cost of Debt refers to the rate of interest payable on the debt. If the interest rate is low, then a company can use more debt in the capital structure. However, in case the rate of interest on debt is high, then a company will make use of Equity.

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Debt is the cheapest source of finance because the rate of interest on debt is a tax deductible expense.

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Ans 7 Coordination means the process by which a manager synchronizes the efforts of the different departments. Coordination is referred to as the Essence of Management. It is inherent and implicit in all managerial functions.

Ans 8 Planning refers to the process of setting objectives for a given time period, identifying the course of action to achieve them and then selecting the best possible alternative from among the various courses available. It seeks to bridge the gap between where we are and where we want to go. It is concerned with both the means and the ends.

Ans 9 - Divisional structure refers to an organisational design which consists of separate business units or divisions. All the divisions have to report to a Divisional Head. Manpower is generally grouped on the basis of different products manufactured.

## Advantages of Divisional Structure

### 1) Product Specialisation

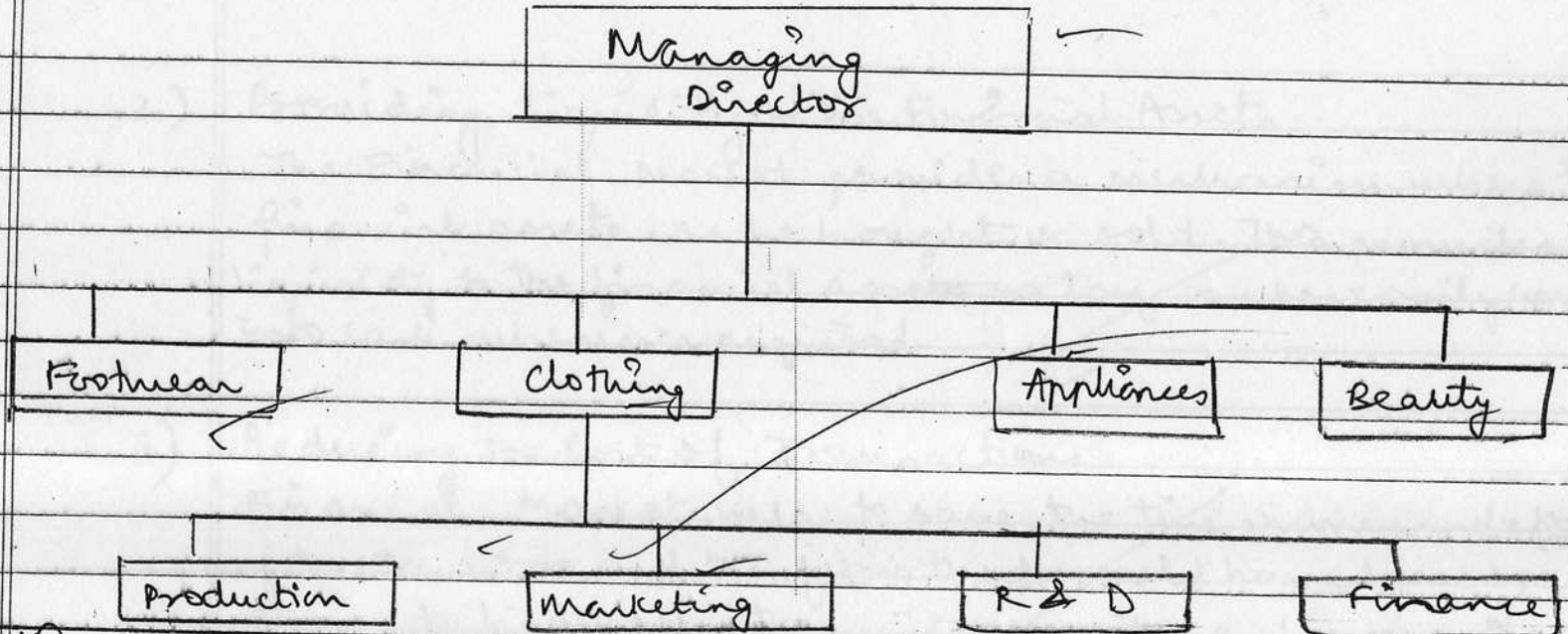
Divisional structure leads to product specialisation as the divisional head is able to gain experience in all the functions related to a particular product. This helps in preparing the divisional heads for higher position.

### 2) Greater Accountability

Divisional heads can be held accountable for the profits as the revenues and costs related to different departments can be easily identified and assigned to them. This provides a proper basis for performance measurement.

# DIVISIONAL STRUCTURE

7



Ans 10

Following are the functions of Financial Market: →

① Channe Mobilisation of Savings and Channelling them into their most productive uses.

Financial Markets provide to the Investors the choice of different investments and helps to channelise the ~~surplus~~ funds into their most productive investment avenues. This leads to greater productivity for the economy and promotes the habit of savings and Investments.

2) Providing Liquidity to the Financial Assets.

The Financial Market provides a mechanism where the financial assets can be bought or sold. This provides liquidity to the financial assets as they can be easily converted into cash whenever required.

3) Reducing the Cost of Transactions.

Financial Markets help to save the time, money and efforts of the investors and the firms that would have been spent trying to find each other. It provides a common platform where the buyers and sellers can meet for the fulfillment of their individual needs.

Ans 11

(a) The communication barrier discussed here is  
**SEMANTIC BARRIERS**

Ans 11 (a) The communication barrier discussed is Badly Expressed Message.

(b) The category of this communication barrier is Semantic Barriers.

(c) Faulty Translations —

Sometimes, the communication drafted in a language (for eg English) needs to be translated into a language that is ~~understandable~~ understandable by the workers. (for eg Hindi).

Therefore, the translator has to be proficient in both the languages so that the instructions are effectively communicated.

Ans 12 Product related factors affect the choice of channels of distribution in the following ways: —

(i) Nature of the Product

If the product is an industrial product, then it is expensive, technical, made to order and has a few number of buyers. In such



Cases, shorter distribution channels are used. In case of consumer products that are standardized, inexpensive, and required by a large number of consumers. For such products; longer distribution channels having a large number of intermediaries are used.

### (2) Perishable v/s Non Perishable Products

Perishable products like fruits, vegetables, etc need shorter channels of distribution because they have to be consumed immediately. Non perishable products like Toiletries, grocery products and other consumer goods require longer channels of distribution.

### (3) Unit Value of the Product.

If the unit value of the product is high (eg - gold, industrial product), shorter distribution channels are used. Whereas, if the unit value of the product is less, large number of intermediaries can be used to distribute the product. Hence longer channels are used for products like needle, erasers.

#### (4) Technical V/S Non Technical Products

Technical products requiring huge technical details require shorter distribution channels as opposed to Non technical products which are distributed through ~~also~~ longer channels.

Ans 13 The style of leadership adopted by Pramod is  
DEMOCRATIC LEADERSHIP

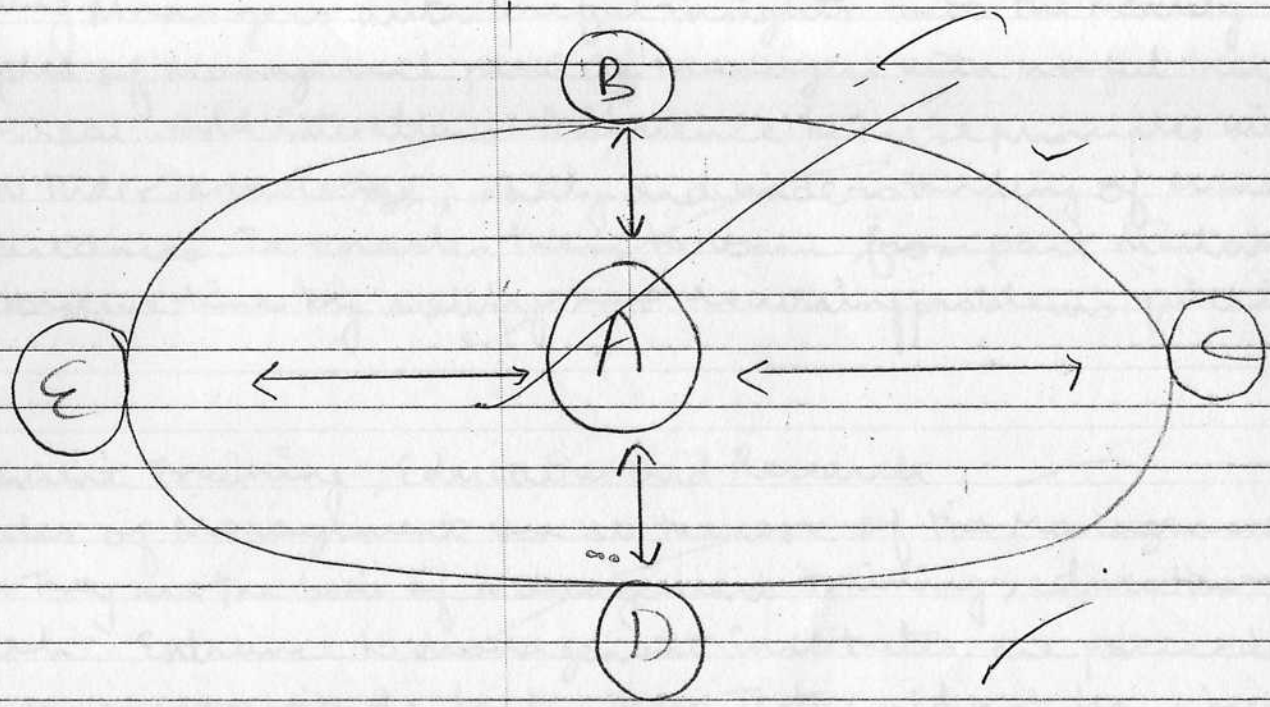
1) In this style of leadership, the leader never gives orders without working out in advance the goals of the organisation.

2) This style of leadership is known as ~~Subs~~ Group Centered leadership.

3) The leader favours the decisionmaking by the group.

4) It gives dual benefits: ~

- (a) It increases the morale and the motivation of the employees as they develop a sense of acceptance and feel that their jobs are important.
- (b) It helps the leaders to take better decisions.



A is the Leader  
Democratic or Participative Leadership

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Ans 14 Principles of Management are broad and general guidelines for the decision making and the behaviour of managers.

Its Importance can be elucidated as :-

- (A) Providing Managers with Useful Insights into the Reality  
Principles of management provide managers with useful insights into the real world situations. Adherence to these principles will add to their knowledge, ability and understanding of managerial circumstances. It enables them to learn from past mistakes and conserve time by solving ~~new~~ recurring problems quickly.
- (B) Management Training, Education and Research.  
Principles of Management are at the core of the Management theory. They are the basis of management training, education and research. Entrance to management institutes are preceded by management aptitude tests. These tests could not have been

developed without proper understanding of these principles. Professional courses like BBA, MBA teach these principles as a part of their curriculum and techniques like Operations Research and Cost Accounting has developed due to research on these principles.

### (C) Fulfilling Social Responsibility

The increased awareness of the public forces businesses, specially limited companies to fulfill their social responsibility. Management theory and principles have evolved in response to these demands. Value to the customers, fair dealings and care for the environment all come under the purview of this importance.

es. Ans 15 (A) Right to Safety

ch 1) The consumer has a right to be protected against the products or services that are hazardous to his life and health.

ity. 2) For eg - A consumer should look for ISI mark while purchasing the electrical appliances for quality assurance. Such a precaution can ensure the safety of the customer.

(B) Right to be Heard

1) A consumer has the right to file a complaint or to be heard in case of dissatisfaction with a product or service.

2) It is for this reason that enlightened businesses have set up customer complaints and grievance centers for the redressal of such complaints.

Ans 16 (a) The money market instrument that can be used for this purpose is Commercial Paper.

Commercial Paper are short term, unsecured promissory note, negotiable and transferrable by endorsement and delivery within a fixed maturity period.

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(b) The duration for which the company can get funds from this instrument is one day to fifteen days. It is a short term source of fund.

(c) This instrument can be used as an Alternative to Bank Financing. It is used by credit worthy companies to meet its short term requirements of funds. They are issued at rates lower than the market rates.

Ans 17 (a) The principles of Management applied for the success of the programme is Espirit De Corps.

(b) Features of Management highlighted are :-

(1) Management is a group activity  
 Every individual has a different purpose for joining the organisation. However, as members of the organisation, all the individuals work with focused and coordinated efforts to achieve the goals of the organisation. It ensures that the individual efforts is directed towards the attainment of the goals.

(2) Management helps in improving performance

(2) Management is a goal oriented process  
 Every organisation has a set of goals to achieve which are the basic reason for its existence. Management translates the goals in terms of objectives to be achieved and assigns the means to achieve them.



(c) Values communicated are :- P

(1) Holistic Development of the students :-  
Aapka Vidyalaya focused on the holistic development of the students. This will enable them to develop and excel in different areas like curricular, co-curricular and sports activities.

(2) Concern for the Environment  
Aapka Vidyalaya shows concern for the environment by using recycled paper for decoration instead of other plastic decorations.

Ans 18 The supervisors can use TRAINING to make the worker handle their work independently.

Benefits of Training to the workers are :-

- (1) Training makes the workers better equipped to use the machines and handle them; thus they are less prone to accidents.
- (2) Training increases the morale of the employees and reduces absences.
- (3) Training increases the efficiency of the employees and improves their performance. Efficient employees produce more and earn more.

Ans 19 (a) The concept used by Sanjay Gupta to steer his company to greater heights is Decentralisation.

(b) The importance of decentralisation can be elucidated as: →

### (A) Quick decision Making

In decentralisation, the decisions are taken at the lower levels which are nearest to the points of action; there is no need for approval by many levels. The process is much faster. Also there are less chances of the information getting distorted as they do not have to pass through longer channels.

### (B) Relief to Top Management

Decentralisation minimises the amount of direct supervision that is exercised by the superior over the subordinates as they are given freedom to act and decide in the limits set by the superior. It gives more time to the superior to focus on important policy decisions rather than occupying themselves with policy and operational decisions.

(C) Develops Initiative among the subordinates

It promotes self reliance and confidence among the subordinates.

When the subordinates are given freedom to take their own decisions; they learn to depend upon their own judgement.

It enables them to face situations where they are constantly challenged and have to look for solutions for the problems that they encounter.

Ans 20 The importance of Delegation of Authority can be highlighted as :-

(1)

Effective Management

By empowering the employees, the managers are able to function much more efficiently as they get more time to focus on important matters. This leads to efficiency in management.

(2) Employee Development

It allows them to develop those skills which will improve their performance and assume those responsibilities which

(2) Employee Development

It allows them to develop those skills which will enable them to perform complex tasks and assume those responsibilities which will improve their career prospects. It makes the employees better leaders and decision makers.

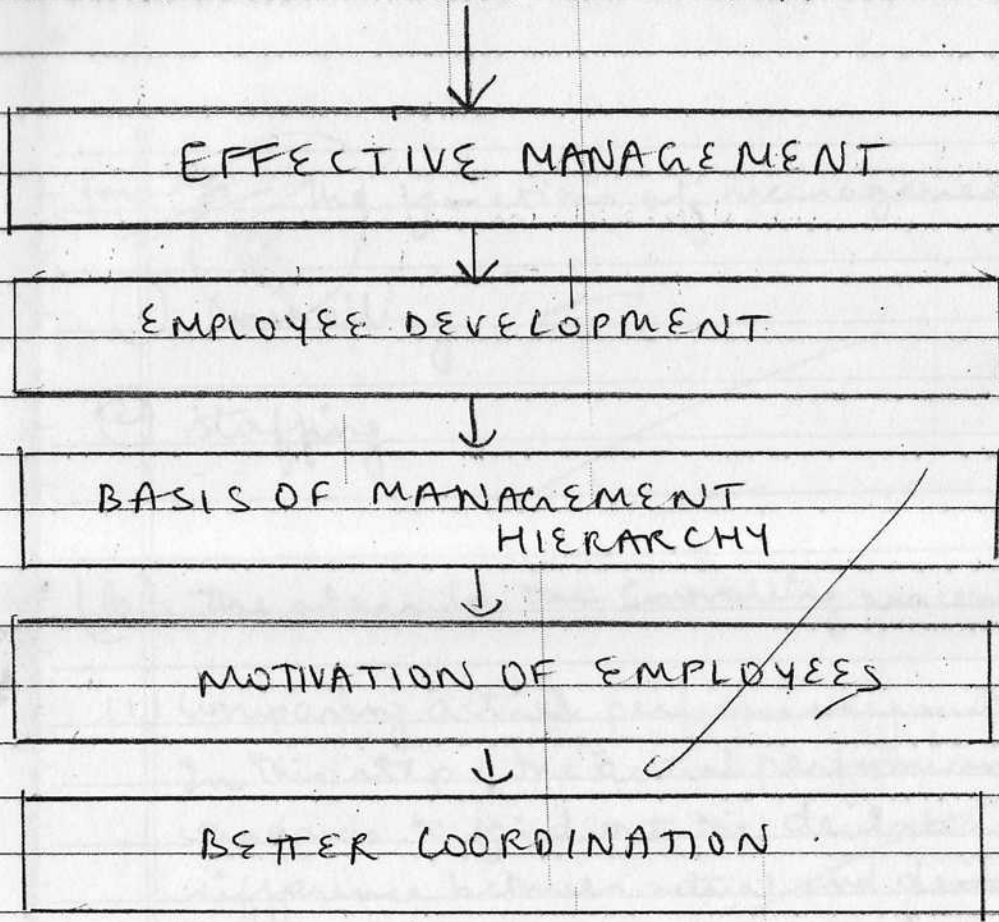
(3) Basis of Management Hierarchy

Delegation of authority establishes the superior-subordinate relationships which are the basis of management hierarchy. It is the degree and flow of authority that specifies who has to report to whom.

(4) Motivation of Employees  
Responsibility for work not only involves the sharing of work but it involves trust on the part of the superior and commitment on the part of the subordinates. This motivates the employees and improves their performance.

(5) Better Coordination  
The different elements of delegation namely authority, responsibility and accountability help to define the power, duties and answerability related to the various job positions. This provides a clear picture of how the work is being performed and leads to better coordination among the various groups, departments and the employees.

# IMPORTANCE OF DELEGATION



Ans 24 ~~24~~ The functions of management discussed are, - 7

① Controlling

② Staffing

(Q) The steps in the Controlling process discussed are, - 7

(1) Comparing actual performance with the standards

In this step, the actual performance is measured with the standards to find out the deviations. Deviations refer to the difference between actual and desired results.

(2) Analysing the deviations

Some deviations in performance is always expected. It is important to find out the acceptable range of deviations. Moreover, In this steps, the deviations are analysed to find out their exact cause failing which ~~and~~ appropriate corrective action cannot be taken.



The steps in the staffing process are: -

1) Estimating the Manpower Requirements

This step involves estimating the number and type of human resources required for the performance of various jobs. It necessarily necessitates workload analysis and workforce analysis

(2) Selection

This step involves choosing the best person from the pool of prospective candidates developed at the time of recruitment

(C) Values commensurated by the company are: - p

~~for~~

1) Empowering the weaker sections of the society like people with special abilities, people from backward areas to

assume greater responsibility.

- (2) Performance Measurement to ensure effective results. The company pay due attention to the production process to ensure that the targets are met and there is no delay in deliveries.

Ans 22 1) The function of management performed by Rita is Directing

2) The element of the function will helped her to improve Smita's behaviour is Motivation

3) Features of Motivation are: -

(a) Motivation is an "internal feeling" Internal feeling  
The urge, desires, strivings, aspirations or ~~the~~ the drives that

influence the behaviour of individuals ~~as internal~~  
internal to an individual. For eg - a person's want for a  
house is internal to him/her.

(b) Motivation can be both negative and positive  
Positive motivation like promotion, rewards, etc improves  
the employees to improve their performance. A manager  
can also make use of negative means of motivation like  
demotions, penalties, etc to induce an employee to  
act in a certain way.

(c) Motivation is a complex process  
This is because it may not have a uniform effect  
on all the members. Members of the organisation are  
heterogeneous in their reactions, opinions, etc.

Ans 23 (a) Differential Piece Wage System

- 1) Under this technique of scientific management, Taylor differentiates between the efficient and the less efficient workers.
- 2) It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.
- 3) In this system, there are two piece rates. One for the workers who produce the standard output or more and one for those who produce less than the standard output.
- 4) The difference in wages will be the strongest motivator for the less efficient worker to improve his efficiency.

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standard output to be produced = 100 units

Wages for workers who perform 100 units or more = ₹ 4

Wages for workers who perform less than 100 units = ₹ 3.

Basis	Worker A	Worker B
Output produced	= 150 units	<del>100</del> 80 units
Wages paid	150 x 4 = ₹ 600	<del>80 x 3</del> ⇒ ₹ 240

Difference in wages is ₹ 360.

This will be the strongest motivator for worker B to improve his performance

## (b) Motion Study.

- 1) It refers to the study of motions like lifting objects, sitting, changing positions, etc.
- 2) The main objective is to eliminate the ~~use~~ unnecessary movements or motions so that it takes less time to perform the job.
- 3) It helps to identify motions which are productive, ~~mean~~ incidental and which are unproductive.
- 4) Taylor used different colours or symbols to identify different motions.

Ans 24 The variables discussed are: - 4

(H) Product related Variables / Product Mix

6 "Their products include chips, biscuits, sweets and squashes".

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Product mix refers to the combination of all the products that are offered for exchange by a company.

The major decisions with this respect include: -

- 1) deciding about the quality, design, features, etc
- 2) deciding about the branding of the product
- 3) decisions regarding the packaging of the product
- 4) decisions regarding the labelling of the product.

0901

Fictitious Roll No.  
(To be entered by Board)

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पर न लिखें  
Please do not write your  
Roll Number on this Answer-Book

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Supplementary Answer-Book(S) No. ....

A (2) Price Mix / Price Related Variables

"It offers discounts and easy credit terms to retailers."

Price refers to the amount that has to be paid to purchase the product.

Important decisions with this regard will include :-

- 1) determining pricing objectives
- 2) determining pricing strategies
- 3) factors affecting the price of the product
- 4) discount terms offered, etc.





## A (2) Place Mix

"It sells its products through various grocery stores so that the products are made available to the customers at the right place, quantity and time".

Place mix is concerned with the physical movement of the goods from places of production to places of consumption.

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Important decision areas are: -

- 1) Decisions regarding the channels of distribution (wholesalers, retailers, etc) to be used.
- 2) The physical movement of the goods from where they are produced to the places where they are required for consumption.



#### (4) Promotional Mix

"It regularly uses different communication tools to increase sales".

Promotional Mix refers to the set of promotional tools used by an organisation to achieve its communication objectives.

It consists of

- 1) Advertising
- 2) Personal Selling
- 3) Sales Promotion techniques
- 4) & Public Relations.

Decisions in this respect would be to determine the promotional budget; the promotional mix, etc.



A. Ans 25 The factors affecting dividend decisions are: -

(A) ~~Key~~ Amount of Earnings

"Availability of enough cash in the company".

2015 Since the dividends are paid out of ~~current~~ <sup>current</sup> and past earnings, the amount of earnings is a major determinant of the dividend decisions. If the amount of earnings are more, ~~more~~ & higher dividends are likely to be distributed.

(B) Growth Prospects

"Good prospects for growth in future".

Companies having good growth opportunities are likely to retain more money to finance their investment requirements. Hence, lower dividends will be declared as opposed to a



Company which does not have opportunities for growth which will declare higher dividends.

### (B) Shareholders Preference

"It has many shareholders who prefer to receive a regular income from their investments!"

Ukshala

While declaring the dividends, the companies also keep in mind the preference of the shareholders in this regard.

If the shareholders desire that a certain minimum amount is paid as dividend, then companies are likely to provide the same.

This is because there are always some shareholders who depend upon a regular income from their investments.



## (D) Contractual Constraints

" ~~taken a loan from IDBI~~

" It had taken a loan of ₹ 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement."

Lenders

While granting loans, lenders may impose certain restrictions on the company on payments as dividends. These restrictions must be adhered to while declaring the dividend to ensure that the dividend paid does not violate the terms of the loan agreement with this regard.



# Factors affecting dividend decisions

