केन्द्रीय माध्यमिक शिक्षा बोर्ड, दिल्ली
सीनियर स्कूल सत्तीकांक परीक्षा (कक्षा बारहवी)
परीक्षार्थी प्रेयस–पत्र के अनुसार लें

लिखित विषय: BUSINESS STUDIES
लिखित कोड विषय कोड: 054
परीक्षा का दिन एवं विधि: THURSDAY (16/3/17)
उत्तर देने का माध्यम: ENGLISH

<table>
<thead>
<tr>
<th>प्रश्न पत्र के प्रश्न लिखने को लेकर कोड को प्राप्त करें</th>
<th>Code Number</th>
<th>Set Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write code No. as written on the top of the question paper</td>
<td>66/1</td>
<td>● ○ ○ ○</td>
</tr>
</tbody>
</table>

अतिरिक्त उत्तर–पुर्विता (अ) की संख्या
No. of supplementary answer-book(s) used | 2

विकल्प व्यक्ति: हाँ / नहीं
Person with Disabilities: Yes / No | No

किसी शारीरिक अवसर में स्राफता हो तो संदर्भित वर्ग में ☑ का निर्देश लगाएं
If physically challenged, tick the category

B = शूद्रित, D = मूक व दम्र, H = शारीरिक रूप से विकल्प, S = शूधित
C = शूद्रितोंच, A = अद्रीक्त

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

यदि लेखन—विकल्प पर लिखावट नहीं होता है, हाँ / नहीं
Whether writer provided: Yes / No | No

यदि लेखन होते हैं तो उपयोग में लाए गए

कार्यालय उपयोग के लिए
Space for office use

1352335
054/03221

*यहाँ लिखने में एक अक्षर छोड़ें। यदि प्रश्न पत्र का नाम एक वर्गमात्र रिस्क प्रकरण है, तो निकालना या दिखाई देना अनुप्रमाण है, जो कि का काम के लिए का काम 24 अक्षर ही लिखें।
Each letter to 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.
**BUSINESS STUDIES**

1. **Supervision** means overseeing what is being done by subordinates and giving instructions to them to ensure optimum utilisation of resources and achievement of work targets.

2. **Basis**
   - **Formal Organisation**
     - Flow of communication takes place through the scalar chain.
   - **Informal Organisation**
     - Communication does not follow definite route & can take place in any direction.
3. Aptitude test is conducted to measure the aptitude of an individual's potential for learning new skills. They indicate a person's capacity to develop.

4. Workforce Analysis will help managers to find out number & type of personnel available.

5. Measurement of actual performance is the step of controlling process being performed.

6. Capital structure refers to the mix between owners and borrowed funds. It is calculated as debt-equity ratio, i.e.
8. Offer for sale is used by the company.

9. Product combination is used by the company.

Principles of Management: Unity of Direction, Order
UNITY OF DIRECTION

1. There should be one head and one plan for a group of activities having same objectives.

2. Efforts of all the members should be directed towards the common goal.

3. Merits:
   - Ensures unity of action & coordination
   - Helps in achievement of group goals

4. (Eg) If a company manufactures both cars & motorcycles, it should have separate divisions for both. Each division should have its own incharge, plan, and execution resources.
On no account, working of the two divisions should overlap.

ORDER:
1. According to Fayol, there should be material & social order.
   a. Material order: Place for everything & everything in its right place.
   b. Social order: Place for everyone & everyone in his/her right place.
2. According to Fayol, people must be in suitable places at appropriate time for maximum efficiency.
3. Merits:
   - Ensures optimum utilisation of human &
material resources.

Eg. If worker is in need of tool, he must know box or tool room in which it will be found. If he needs guidance from supervisor, he must know the fixed cabin of supervisor.

If no fixed place is given, worker will waste his time & energy in search of tools & supervisor.

[PTO]
1. PLANNING IS FUTURISTIC

- Planning is looking ahead.
- It implies peeping into future
- Analysing it
- Predicting it
- It is based on forecasting through which future events & conditions are anticipated & plans are drawn accordingly.
2. **Planning is pervasive**

- Planning is required at all levels in the organisation.
- It is not an exclusive function of top management or any other department.
- Scope of planning differs at different levels and among different departments.

![Diagram showing levels of planning]

- **Overall Organisational Planning**
- **Departmental Planning**
- **Lower Level** Day to day operational planning.
3. **PLANNING IS CONTINUOUS**

- Plans are prepared for specific time period, say month or year.
- At end of every time period, new plans are drawn according to new conditions & future requirements, hence planning is continuous process.
- Planning cycle is continuous, because plans are framed, implemented, followed by another plan and so on.
1. BADLY EXPRESSED MESSAGES

Sometimes, messages may not be conveyed as intended. These messages arise from:
- Inadequate vocabulary
- Usage of wrong words
- Omission of needed words
- Technical jargon
- Faulty translations
- Badly expressed messages

SEMANTIC BARRIERS
2. TECHNICAL JARGON:

It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field. Therefore, they may not understand the actual meaning of many such words.

![Diagram showing communication between boss and worker regarding technical jargon. The boss is indicating a need for six sigma level and the worker is confused.]

BOSS  

Technical Jargon

Worker

We have to reach six sigma level

PTD
3. **FAULTY TRANSLATIONS**

Sometimes communications originally drafted in one language (English) need to be translated into a language understandable to workers (Hindi).

If translator is not proficient in both the languages, mistakes may creep in causing different meanings to communications.

12. **FINANCIAL PLANNING**

Importance:

1. It helps in avoiding business shocks and helps company in preparing for future
2. It provides a link between investment & financing decisions on a continuous basis.

13. Hemant believed in → SOCIETAL MARKETING CONCEPT.

Societal marketing concept holds that task of any organisation is to identify the needs & wants of target market & deliver desired satisfaction in effective & efficient way so that long term well being of customers 

taken care of. It is extension of marketing concept. Any activity which satisfies consumer needs but it detrimental to interest of society at large can't be justified.

Main focus → Customer needs, society's well being

Means → Integrated marketing
Guddu believed in → SELLING CONCEPT.
It emphasized on use of aggressive selling &
promoting techniques to make sales through
any means. Use of push approach was
focus of this concept. No emphasis

Toshita believed in → MARKETING CONCEPT
If all marketing decisions are taken with
perspective to satisfy customer needs, selling
will be no problem. Basic role of firm is to
identify need & fill it.

Main focus → Customer needs
Means → Integrated marketing
Starting Point → Market.
14. (a) Rishitosh works at MIDDLE LEVEL of management.

(b) Functions

1) Interpret the policies framed by top management.

2) Assign necessary duties & responsibilities to subordinates.

3) Motivate them (subordinates) to achieve the desired objectives.

Main task of middle management is to carry out plans developed by top management.
TIME STUDY:

- It determines standard time for doing job under given conditions.
- Time required by worker to perform each element of job is determined.
- Various time measuring devices like stopwatches etc are used for each element and time required by worker to perform each element of time and job as a whole is determined by...
taking several readings.

Objectives

- to determine number of persons to be employed
- to determine labour cost
- to frame suitable incentive schemes.

Eg

- time taken to make 1 card box - 20 minutes
- boxes made in 1 hour - 3

If worker works for 7 hours, he will have to
make 21 boxes & wages will be paid accordingly.
20

(2) SIMPLIFICATION OF WORK:
- It aims at eliminating superfluous varieties, sizes, dimensions. It aims to eliminate unnecessary diversity of products.
- It leads to better utilisation of equipment & tools.
  - increased turnover
  - reduced inventory.
- It results in saving of cost of labour & machinery.

(3) MOTION STUDY:
- It refers to study of movements (sitting, changing positions etc) undertaken while doing job.
- There are productive, unproductive, incidental motions. Taylor emphasized to eliminate unproductive motions to complete job efficiently in less time by reducing fatigue & manual labour.
16. STRATEGY

It represents broad contours of organization's business.

It refers to future decision defining organization's direction & scope in long run.

It is comprehensive plan decide to achieve specified objectives in changing environment.

Eg: Company's marketing strategy may include choice of channels of distribution, advertising media, pricing strategy etc.

Major strategic decision - to acquire dominant position in the same market.
RULE:

- Specific statements regarding what must or must not be done.
  - They are rigid with no scope of flexibility or discretion.
  - Simplest types of plans as there is no compromise or change.

- If rules are not followed, there may be some penalty.
  - E.g., no smoking, no parking.
17. CASUAL CALLERS (external source)

Many reputed business organisations keep a database of unsolicited applicants in their offices.

A list of such job seekers can be prepared and can be screened to fill vacancies as and when they arise.

MERIT

It reduces the cost of recruiting workforce in comparison to other sources.

LABOUR CONTRACTORS (internal source)

Labour contractors maintain close contact with labourers and they can provide required number of unskilled workers at short notice.
Workers are recruited through labour contractors who are themselves the employees of the organisation.

DEMERIT:
If the labour contractor himself decides to leave organisation, all workers recruited through him will follow suit.

18. (a) ALLOCATIVE FUNCTION

(b) MONEY MARKET trades in unsecured & short term debt instruments.
<table>
<thead>
<tr>
<th>Basis</th>
<th>Money Market</th>
<th>Capital Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Participants</td>
<td>Participants in money market are:</td>
<td>Participants in capital market are:</td>
</tr>
<tr>
<td></td>
<td>• Commercial banks</td>
<td>• Banks</td>
</tr>
<tr>
<td></td>
<td>• Non banking finance companies</td>
<td>• Financial institutions</td>
</tr>
<tr>
<td></td>
<td>• RBI</td>
<td>• Corporate entities</td>
</tr>
<tr>
<td></td>
<td>• State Government</td>
<td>• Foreign investors</td>
</tr>
<tr>
<td></td>
<td>• Large Corporate Houses</td>
<td>• Ordinary retail investors</td>
</tr>
<tr>
<td></td>
<td>• Mutual funds</td>
<td>from members of public</td>
</tr>
<tr>
<td>2. Duration</td>
<td>Capital market deals with short</td>
<td>Capital market deals in both</td>
</tr>
<tr>
<td>3</td>
<td><strong>liquidity</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Capital market</strong> securities are liquid. However, shares may not be actively traded as it may not easily find a buyer. Money market instruments enjoy higher degree of liquidity because there is</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Money market</strong> securities are considered liquid. However, shares may not be actively traded as it may not easily find a buyer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Medium &amp; long term</strong> securities like equity shares &amp; debentures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Term debt instruments</strong> which have maximum tenure up to one year &amp; may be issued for single day</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

26
formal arrangement for this. Discount Finance House of India (DFHI) has been set up for specific objective of providing a ready market for money market instruments.

19. AD DEMOCRATIC LEADERSHIP STYLE

A is the leader (Group Centred leadership)
VALUES

- Initiative & Creativity (by encouraging participation)
- Concern for employees (by visiting families)
- Team Spirit
- Fulfilling social responsibility towards employees.

20. LIBERALISATION

It means liberalising the Indian business & industry from all unnecessary controls & restrictions. It signalled the end of licence permit quota raj features:

- Freedom in fixing prices of goods & services
- Simplifying procedures of exports & imports.
GLOBA LISAT I ON

- It means integration of various economies of world leading towards emergence of cohesive global economy.
- It involves increased level of
  - interdependence
  - interaction
  among various nations of global economy.

- Features:
  - free flow of information & technology
  - free flow of goods & services across nations

(b) PTO
Impacts of economic reforms

- Increasing competition
- More demanding customers
- Market Orientation

1. Increasing competition:
   - Due to dilicensing & entry of foreign firms, competition for Indian firms has increased especially in service industries like:
     - Airlines
     - Telecommunications
     - Banking
     - Insurance
MORE DEMANDING CUSTOMERS:
- Customers today have become more demanding because they are well informed.
- Increased competition in market gives customers a wider choice in purchasing better quality of products & services.

MARKET ORIENTATION:
- Earlier firms used to produce first & go to market for sale later, i.e., they had production oriented marketing operations.
- In the fast-changing world, there is a shift to market orientation.
- Firms now have to study & analyze market first & produce goods accordingly.
ACCOMPLISHING ORGANISATIONAL GOALS

- Controlling function brings to order
- Measures progress towards goals
- Brings to light deviations, if any
- Indicates corrective action
- It keeps organisation on right track so that goals are achieved.
2. **JUDGING ACCURACY OF STANDARDS**

   Good control system enables management to verify whether standards set are accurate and objective. It keeps careful check on changes taking place in organisation & environment & helps to revise standards in light of such changes.

3. **MAKING EFFICIENT USE OF RESOURCES**

   By exercising control, managers seek to reduce wastage, spoilage of resources. Each activity is performed in accordance with predetermined standards & norms ensuring that resources are used effectively & efficiently.
4. IMPROVING EMPLOYEE MOTIVATION:
   - Good control system ensures employees know what they are expected to do
   - what are standards of performance on basis of which they will be appraised.
   - It motivates employees & helps them to give better performance.

5. ENSURES ORDER & DISCIPLINE:
   - Controlling creates atmosphere of order & discipline in organisation by minimizing dishonest behavior on part of employees by keeping close check in their activities.
22. Directions issued by Consumer Court:

1. To refund the prices paid for goods or charges paid for service.

2. To pay adequate costs to appropriate party.

3. To pay any amount (not less than 5% of value of defective goods or deficient services provided) to be credited to Consumer Welfare Fund or any organisation or person to be utilised in prescribed manner.

4. To issue corrective advertisement to neutralise the effect of misleading advertisement.
(5) To pay reasonable amount of compensation for loss or injury suffered by consumer due to negligence of opposite party.

(6) To discontinue restrictive unfair trade practice & not to repeat it in future.

(7) Withdraw hazardous goods from sale.

(b) VALUES

- Fulfilling social responsibility towards society
- Health & hygiene
- Concern for the old & aged.
23. (a) DELEGATION OF AUTHORITY is used by managers to focus on objectives.

Delegation of authority means granting of authority to subordinates to operate within prescribed limits. (Theo Haim)<br>
It is a pre-requisite to efficient functioning of organisations as it enables managers to use their time on high priority activities. It helps the manager to extend his area of operations as without it, his activities would be restricted to what he can do himself.

Elements of delegation are:
- Authority (flows downwards)
- Responsibility (flows upwards)
- Accountability

[Pro]
Importance of Delegation

- Effective Management
- Employee Development
- Motivation of Employees
- Facilitation of Growth

1. **EFFECTIVE MANAGEMENT**
   
   By empowering employees, managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine jobs provides him with opportunity to excel in new areas.
3) **EMPLOYEE DEVELOPMENT**

As result of delegation, employees get more opportunities to utilise their talents.

It allows them to develop

- those skills which will enable them to perform complex tasks.
- assume those responsibilities which will improve their career prospects.

Thus, delegation helps by preparing better future managers.

3) **MOTIVATION OF EMPLOYEES**

Delegation also has psychological benefit.

When superior entrusts subordinate with a task, it is not merely sharing of work but involves:

[PTO]
Trust - Superior's part
Commitment - Subordinate's part
Responsibility for work builds self-confidence of workers and improves their confidence.
They feel encouraged to give better performance.

FACILITATION of GROWTH:

- Delegation facilitates expansion of organisation by providing ready workforce to take up leading positions in new ventures.
- Trained & experienced employees are able to play significant role in launch of new projects by replicating work ethos in newly set up branches.
24. Factors affecting working capital requirement.

1. Scale of operations

- If large scale:
  - Quantity of inventory
  - Debtors is high
  - More working capital

- If small scale:
  - Quantity of inventory
  - Debtors is low
  - Less working capital
2. **Business Cycle**

- If boom period (sales as well as production high) → more working capital
- If depression period (sales as well as production low) → less working capital

3. **Seasonal Factors**

- If peak season (high level of activity) → more working capital
- If lean season (low level of activity) → less working capital
AVAILABILITY OF RAW MATERIAL

If raw material is not available readily
↓
more stock of raw material is to be maintained
↓
more working capital

If raw material is available readily
↓
less stock of raw material to be maintained
↓
less working capital

Lead Time:

High lead time
↓
more working capital
↓
lead time is time lag between placement of order &
actual receipt of raw material

25. (a) 1. Product Related factors (degree of complexity)

2. Company Characteristics (Financial strength of company)

3. Market factors (Quantity purchased)

(b) 1. PRODUCT RELATED FACTORS

(a) UNIT VALUE OF PRODUCT

If unit value is high (as in case of gold, silver) ↓

If unit value is low (eg consumer products) ↓

Direct channels

Indirect channels
(b) PERISHABILITY OF PRODUCT

In case of perishable products (like fruits, vegetables, dairy products etc)

↓

Shorter / Direct Channels

In case of non-perishable products (like soap, tea, toothpaste etc)

↓

Indirect Channels

(c) NATURE OF PRODUCT

If industrial product (technical, expensive, few buyers)

↓

Direct Channels

If consumer product (standardised, less expensive, frequently purchased)

↓

Indirect Channels
2. **COMPANY CHARACTERISTICS**

   \[ \text{DEGREE OF CONTROL} \]

   - Greater control by management
   - Lesser control by management

   \[ \text{Shorter / Direct Channels} \quad \text{Long / Indirect Channels} \]

3. **MARKET FACTORS**

   a) **GEOGRAPHIC CONCENTRATION OF BUYERS**

   - Concentrated in a smaller area
   - Buyers are widely spread

   \[ \text{Shorter / Direct Channels} \quad \text{Long / Indirect Channels} \]
b) **SIZE OF MARKET**

- If market size is *small* → **industrial product** → less number of buyers → direct channels
- If market size is *large* → **convenience product** → more number of buyers → indirect channels