

**BUSINESS STUDIES***Time Allowed: 3 hours**Maximum Marks: 80***General Instructions:**

- i) Answers to questions carrying **1** mark may be from **one word** to **one sentence**.*
- ii) Answer to questions carrying **3** marks may be from **50 to 75** words.*
- iii) Answer to questions carrying **4-5** marks may be about **150** words.*
- iv) Answer to questions carrying **6** marks may be about **200** words.*
- v) Attempt all parts of a question together.*

1. The principles followed in management are different from those followed in pure science. Write any one difference. 1
  
2. What does "deviation" refer to in control function of management? 1
  
3. A good leader grabs the opportunity to use it for the benefit of organization. Which quality of a good leader is highlighted in this statement? 1
  
4. Management consists of a series of interrelated functions that are performed by all the managers of an organisation. At what level do the managers spend more time in planning and organizing? 1
  
5. In the last few years, India has seen an increase in the number of skilled professionals hired by foreign companies, especially in IT

- sector and BPO services. Which economic reform is the reason behind this change? 1
6. Which characteristics of management defines that in order to be successful, an organisation must change its goals according to the need of the environment? 1
7. Given any on responsibility of a consumer in addition to obtaining a cash memo while purchasing edible oil. 1
8. Maslow's theory of Motivation was based on human needs. Which need of the human beings is at the highest level in Maslow's Need Hierarchy Theory? 1
9. Explain the various type of packaging used in by the manufacturers and others. 3
10. Planning and controlling are mutually interrelated and interdependent activities. How? 3
11. The management of a shoe making company wants to increase the profits by purchasing new machines and increasing the sale price.
- Identify the function of management involved.
  - Mention the steps involved in the above process.
  - To complete the process of the function identified in (a) what further steps does the management has to take? 3

12. Describe the steps involved in organising. 3
13. Explain 'Work Study' suggested by Taylor? 3
14. Explain the meaning of terms – 'efficient' and 'effectiveness' with reference to management. 4
15. "Determination of capital structure of a company is influenced by a number of factors." Explain any four factors. 4
16. "If planning is done carefully and accordingly other functions of management are doing in the right direction, then there is no need of the controlling." Do you agree with the statement? Given reasons in support of your answer. 4
17. Now a day's many consumer organisations and NGOs are active, which perform several functions for the protection and promotion of interest of consumers.  
List some values covered through these functions performed. 4
18. What is 'Need Hierarchy'? 4
19. "Delegation of authority helps in reducing the workload of managers and in motivating the subordinates." Explain this statement. 4
20. Which source of recruitment is preferred when fresh talent and

- skills required in the organisation. Explain any three advantages and limitations of this source. 5
21. Distinguish between capital market and money market. 5
22. "Success of an organization largely depends upon its management." Explain any five reasons to justify the statement. 5
23. What does financing decision involve? List the factors which affect the financing decisions. 6

**Or**

- Praneet is appointed as the Financial Manager of a newly established company. The Directors have asked him to determine the amount of working capital requirement for the company. Explain the factors which he must consider while deterring the working capital requirement of the company. 6
24. Personal selling plays a very important role in the marketing of goods and services. Explain how personal selling is important to
- a. Businessmen
  - b. Customers
  - c. Society
- 6

**Or**

"Various tools of communication are used by the marketers to promote their product." Answer the following questions based on

this statement.

- a. Why do companies use all tools at the same time?
- b. Name and explain the most commonly used non-personal tools of promotion which is paid for the marketer.
- c. Which tool of promotion will preliminary be preferred for the following:
  1. To get corporate image without being paid for
  2. An existing product meant for mass by literate people
  3. To introduce a new product to a particular class of people through door-to-door visits. 6

- 25.** Explain how an effective communication helps managers to increase their effectiveness. 6

**Or**

- Explain the role of supervisor in an organisation 6

## ANSWERS

1. Any one of the following:
  - a. Principles of management are not rigid unlike principles of science
  - b. Principles of management are general guidelines whereas principles of science are specific
2. Actual performance - Standard/Planned performance
3. Initiative
4. Top level management
5. Globalization
6. Management is a dynamic function.
7. Consumers must look for quality certification marks like Agmark
8. Self Actualisation Needs
9. Three levels of packaging:
  - a. Primary packaging – refers to product's immediate container
  - b. Secondary packaging – refers to additional layers of packaging
  - c. Transportation packaging – refers to further packaging necessary for storage

- 10.** There is a close as well as reciprocal relationship between planning and controlling. Without planning, there is no basis of controlling and without controlling, planned activities cannot be properly implemented.
- 11.**
- a. Function – Planning
  - b. Process of planning
    - 1. Setting objectives
    - 2. Developing premises
    - 3. Identifying alternative action
    - 4. Evaluating alternative courses
    - 5. Setting alternative
  - c. To complete the process, the management has to take the following two steps
    - 1. Implementing the plan
    - 2. Follow up action
- 12.** Steps involved in organising:
- a. Identification and division of work
  - b. Departmentalisation
  - c. Assignment of duties
  - d. Establishing reporting relationships
- 13.** Work study refers to a combination of techniques determines the quantum of reasonable work for every worker. The main objective is to improve efficiency. It includes motion, method, time and fatigue studies.

**14.** Efficiency – the ability to do things right. In management, efficient utilization means minimization of cost and maximization of benefits in achievement of goals.

Effectiveness – Doing the right. In management, choosing correct resources for achievement of organization goals

**15.** Factors affecting capital structure:

- a. Cash flow position
- b. Interest Coverage Ratio (ICSR)
- c. Debt Service Coverage Ratio
- d. Return on Investment
- e. Cost of debt

**16.** Planning is an empty exercise without controlling. Without planning, there is no basis for controlling activities and without effective controlling; planned activities cannot be properly implemented. Predetermined goals can only be achieved through the process of control. Controlling also ensures realizing planned goals efficiently.

- 17.**
- a. Educating the general public about consumer rights.
  - b. Imparting knowledge about consumer problems and reliefs available through publishing periodicals, etc.
  - c. Encouraging consumers to strongly protest and take an action against unfair practices.
  - d. Providing legal assistance to consumer in seeking legal remedy

18. Need hierarchy shows that people have a wide range of needs which motivate them to strive for fulfillment. Needs have a definite sequence of domination. Second need does not dominate until first need is reasonably satisfied and so on. It shows that man is never fully satisfied. If one need is satisfied, the other need arises.
19. Delegation of authority is a very important part of organizing function of management.
- Reduces work load of managers
  - Basis of management hierarchy
  - Improve managerial effectiveness
20. Source of recruitment: external
- Advantages:**
- Qualified personnel
  - Wider choice
  - Fresh talent
  - Competitive spirit
- Limitations:**
- Dissatisfaction
  - Lengthy process
  - Costly process
21. The major points of distinction between capital market and money market are as follows:
- Participants
  - Duration

- c. Liquidity
  - d. Safety
  - e. Instruments
  - f. Expected returns
- 22.** Importance of management
- a. Helps achieving group goal
  - b. Increases efficiency
  - c. Creates dynamic organisation
  - d. Helps achieving personal goals
  - e. Helps in the development of society
- 23.** Financing decision involves identification of available sources of finance – shareholders' fund and borrowed funds and decides the proportion of funds to be raised on the basis of characteristics of each source.
- Factors affecting financing decisions:
- a. Cost of raising funds through different sources
  - b. Risk associated with different sources
  - c. Flotation cost – source is less attractive if flotation cost is higher
  - d. Cash flow position of the business
  - e. Level of fixed operating cost; e.g. salaries, building rent, etc.
  - f. Control considerations
  - g. State of capital markets

**OR**

Working capital refers to short-term assets of a firm such as inventories and short-term liabilities such as creditors.

Factors must be considered:

- a. Type of products manufactured
- b. Production cycle
- c. Scale of operations
- d. Seasonal factors
- e. Credit allowed
- f. Business cycle
- g. Inventory policies
- h. Credit availed
- i. Availability of raw material
- j. Level of competition
- k. Growth prospects
- l. Inflation

**24. a. Importance of personal selling to businessmen**

1. Effective promotional tool as it helps increasing sales
2. Flexible tool – different offers in different purchase situation
3. Minimizing wastage of efforts
4. Ensures consumer attraction
5. Lasting relationship between salespersons and the customers
6. Personal rapport with customers
7. Successful in the introductory stage of a new product

**b. Importance of personal selling to customers**

1. Helps indentifying and satisfying the needs
2. Latest market information
3. Expert advice and guidance

4. Induce customers to purchase new products

**c. Importance of personal selling to society**

- a. Increase in employment opportunities
- b. Increase in career opportunities and job satisfaction
- c. Higher degree of mobility in sales people
- d. Product standardization and uniformity helps increasing consumption pattern

**OR**

- a. The companies use all tools at the same time because of nature of product, production budget and objectives of promotion being different at different times and situations.
- b. The most commonly use of non-personal tool of promotion which is paid for by the marketers is *advertising*. This form having an identified sponsor to promote an idea and cover a large market in a short period of time.
- c. 1 – Publicity  
2 – Advertisement  
3 – Personal Selling

**25.** Meaning of communication – it is the process of transmission of message, information, etc. and creation of understanding between two persons. Effective communication takes place when the received message is understood in the same sense by the receiver as the sender intends.

Importance of communication for managerial functions:

- a. It facilitates planning

- b. It helps in decision making
- c. It facilitates coordination
- d. It improves superior-subordinate relationship
- e. It helps in the process of motivation
- f. It is the basis of effective leadership

**OR**

- a. Supervisor plays an important role in an organisation.
- b. He holds an intermediate position between the top or middle management and the operatives.
- c. He acts as link and bridges the gap between what management expects and what the operatives wants.
- d. Role of supervisor is important because of following function performed in an organisation:
  - 1. Planning the work
  - 2. Issuing order
  - 3. Providing guidance and leadership
  - 4. Motivation
  - 5. Maintaining records
  - 6. Controlling output
  - 7. Grievance between management and workers