

## SAHODAYA PREBOARD EXAMINATION, 2024-25

- Please check that this question paper contains 7 printed pages.
- Please check that this question paper contains 34 questions.
- Please write down the Serial Number of the question before attempting it.
- 15 minutes time has been allotted to read this question paper. The students will read the question paper only during this time and will not write any answer on the answer-book during this period.

### BUSINESS STUDIES (054)

#### MARKING SCHEME

**Time Allowed: 3 hours**

**Maximum Marks: 80**

**General Instructions:**

- This question paper contains 34 questions.
- Marks are indicated against each question.
- Answers should be brief and to the point.
- Answers to the questions carrying 3 marks may be from 50 to 75 words.
- Answers to the questions carrying 4 marks may be about 150 words.
- Answers to the questions carrying 6 marks may be about 200 words.

Qu No	Question	Marks
1	Ans: (b) Identifying opportunities & getting the first mover advantage	1
2	Ans: (c) Intelligence test	1
3	Ans: (b) Departmentalisation	1
4	Ans: (c). Right to be heard	1
5	Ans: (b) Management creates a dynamic organization	1
6	Ans: (d) Estimating the Manpower Requirements, Recruitment, Selection, Placement and Orientation	1
7	Ans: (b) Critical point control	1
8	Ans: (c) Apprenticeship Training	1
9	Ans: (b). Both the statements are false.	1
10	Ans: (d). 45 days	1
11	Ans: (a) market price per share.	1
12	Ans: (b). Both the statements are false.	1
13	Ans: (a)	1
14	Ans: (d). Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions.	1

15	Ans: (a) Both Assertion and reason are true and reason is correct explanation of assertion.	1																																								
16	Ans: b) Brand marks	1																																								
17	Ans: ( c) A person who avails of a service for a commercial purpose.	1																																								
18	Ans: (b) Ensuring excess availability of funds at the right time	1																																								
19	Ans: (a) Both Assertion and reason are true and reason is correct explanation of assertion.	1																																								
20	Ans: (a). Exploitation of consumer	1																																								
21	<p>Ans: The features of Business Environment which have been highlighted are:</p> <ol style="list-style-type: none"> <li>1. Totality of external forces. Recently they had a meeting in which all the reasons which were outside the control of the organisation were discussed.</li> <li>2. Specific and general forces. In the first part customers, competitors, suppliers, etc. were discussed where as in the second part the political, economic, social conditions in the country were discussed.</li> <li>3. Relativity. However when the company's performance in foreign markets was evaluated it was found that conditions were different in different countries so the strategies adopted would have to be different.</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for lines = 1*3=3)</b></p>	3																																								
22	<p>Ans:</p> <p>i) The company will take advantage of trading on equity in Alternative (II) because of higher EPS.</p> <p><b>CALCULATION: (2)</b></p> <table border="1"> <thead> <tr> <th>PARTICULARS</th> <th>I(₹)</th> <th>II(₹)</th> <th></th> </tr> </thead> <tbody> <tr> <td>EBIT</td> <td>8,00,000</td> <td>8,00,000</td> <td></td> </tr> <tr> <td>(-)INTEREST</td> <td>NIL</td> <td>(90,000)</td> <td></td> </tr> <tr> <td></td> <td>8,00,000</td> <td>7,10,000</td> <td></td> </tr> <tr> <td>(-)TAX@30%</td> <td>(2,40,000)</td> <td>(2,13,000)</td> <td></td> </tr> <tr> <td>Profit After Tax</td> <td>5,60,000</td> <td>4,97,000</td> <td></td> </tr> <tr> <td>EPS</td> <td>5,60,000</td> <td>4,97,000</td> <td></td> </tr> <tr> <td></td> <td>-----</td> <td>-----</td> <td></td> </tr> <tr> <td></td> <td>40,000</td> <td>30,000</td> <td></td> </tr> <tr> <td></td> <td>=₹14</td> <td>=₹16.56</td> <td></td> </tr> </tbody> </table> <p>ii) No, earning per share only rise with increase in debt when the rate of interest on debt is lower than the return on investment.(1)</p>	PARTICULARS	I(₹)	II(₹)		EBIT	8,00,000	8,00,000		(-)INTEREST	NIL	(90,000)			8,00,000	7,10,000		(-)TAX@30%	(2,40,000)	(2,13,000)		Profit After Tax	5,60,000	4,97,000		EPS	5,60,000	4,97,000			-----	-----			40,000	30,000			=₹14	=₹16.56		3
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23	<p>Ans: Next three steps of planning process:</p> <ul style="list-style-type: none"> <li>• Identifying alternate courses of action</li> <li>• Evaluating alternatives</li> <li>• Selecting an alternative</li> </ul> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(B) Importance of planning: (Any 3)</p> <ul style="list-style-type: none"> <li>• Planning provides directions</li> <li>• It reduces the risks of uncertainty</li> <li>• It reduces overlapping and wasteful activities</li> <li>• It promotes innovative ideas</li> <li>• It facilitates decision making</li> </ul>	3																																								

	<ul style="list-style-type: none"> <li>It establishes standards for controlling</li> </ul> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p>	
24	<p>Ans:</p> <ol style="list-style-type: none"> <li>Initiates action</li> <li>Integrates group activity</li> <li>Means of motivation</li> <li>Facilitates changes</li> <li>Provides stability and balance in the organisation</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p> <p style="text-align: center;">OR</p> <p>Features of motivation</p> <ol style="list-style-type: none"> <li>Internal feelings</li> <li>Goal directed behavior</li> <li>Can be positive or negative</li> <li>Complex process</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p>	3
25	<p>Ans:</p> <ol style="list-style-type: none"> <li>Filling jobs with competent personnel</li> <li>Better performance</li> <li>Survival and growth</li> <li>Optimum utilization of human resources</li> <li>Improves job satisfaction and morale</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanations = 1*4=4)</b></p> <p style="text-align: center;">OR</p> <p><b>Casual callers:</b> Many reputed business organizations keep a data base of unsolicited applicants in their office. This list can be used for Recruitment. <b>(2)</b></p> <p><b>Placement agencies:</b> Under this method services of placement agencies and management consultant are used to undertake total functions of recruiting and selecting personnel on behalf of various organisation.<b>(2)</b></p>	4
26	<p>Ans:</p> <ol style="list-style-type: none"> <li>Product identification</li> <li>Product protection</li> <li>Product promotion</li> <li>Facilitating use of the product</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanations = 1*4=4)</b></p> <p style="text-align: center;">OR</p> <p>Inventory control requires deciding about the level of inventory to be held for distribution.<b>(1)</b></p> <p>Factors: <b>(any three)</b></p> <ol style="list-style-type: none"> <li>Policy on level of customer service</li> <li>Accuracy in sales forecast</li> <li>Responsiveness of distribution system</li> <li>Cost of inventory</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanations = 1*3=3)</b></p>	4
27	<p>Ans: (i) Levels of management <b>(1)</b></p>	4

	<p>(ii) Types (Levels of management) (3)</p> <ul style="list-style-type: none"> <li>• “The first group of employees is responsible for the welfare and survival of the organisation.” - Top Level Management</li> <li>• “The second group of employees is responsible for maintaining quality and safety standards and minimising wastages.” – Lower Level Management</li> <li>• “The responsibility of the third group of employees is to explain the policies decided by the top management and developing the feeling of cooperation among all the departments of the company.” – Middle Level Management</li> </ul> <p><b>(Per point- ½ mark for identification + ½ mark for quoting the lines)</b></p>	
28	<p>Ans: (Any four)</p> <p><b>Importance of controlling are as follows;</b></p> <p>(i) Accomplishing organisational goals The controlling function measures the performance against the pre-determined standards and corrects deviations. This helps in ensuring that organisation is moving on right track to achieve the organisational goals. In other words, by controlling, the manager ensures that resources are obtained and used economically and efficiently for the achievement of organisational objectives.</p> <p>(ii) judging accuracy of standards A sound controlling system helps the management to verify whether the standards set are accurate and objective. It keeps a careful check on the changes, which are taking place in the organisation and helps in revising standards as and when required.</p> <p>(iii) Making efficient use of resources By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with pre-determined standards and norms. This ensures that resources are used in the most effective and efficient manner.</p> <p>(iv)It improves employees’ morale The implementation of controlling makes all the employees to work with complete dedication because they are aware that their performance will be evaluated and they will have a chance to build their reputation in the organisation. The employees who show good performance are rewarded by giving them promotions, cash prizes, etc.</p> <p>(v)It helps in better performance Planning and controlling are closely inter-related as the real test of planning is controlling. Control reveals deficiencies and deviations, suggests corrective actions for prevention of deviations and deficiencies through modified planning.</p> <p>(vi) Facilitates coordination Control keeps all activities and efforts within their fixed boundaries and makes them move towards the set goals. Thus, control facilities coordination, it provides unity of direction.</p> <p><b>(Per point- ½ mark for heading + ½ mark for explanations = 1*4=4)</b></p>	4
29	<p><b>Answer:</b></p> <p>The different types of plans discussed above are listed below: <b>(Any four)</b></p> <ol style="list-style-type: none"> <li>1. <b>Objectives:</b> 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 <u>to earn 10% profit</u> on the amount invested in the first year.”</li> <li>2. <b>Policy:</b> 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 be purchased on <u>three months credit</u> from farmers cultivating only organic crops.”</li> </ol>	4

	<p>3. <b>Procedure:</b> 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 <u>follow the steps required</u> for marketing of the products through her own outlets.”          “The exact manner in which the production activities are to be carried out.”</p> <p>4. <b>Rule:</b> A rule is a specific statement relating to the general norms in terms of Do’s and Dont’s 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, <u>a penalty of Rs 100</u> per day for not wearing caps, gloves and aprons was announced.”</p> <p>5. <b>Budget:</b> A budget refers to a financial plan that is expressed in numerical terms.          “Mohan also prepared a statement showing the <u>number of workers</u> different products for the forthcoming quarter.”</p> <p><b>(Per point- ½ mark for identification + ½ mark for explanation with quote = 1*4=4)</b></p>	
30	<p><b>Answer:</b></p> <p>1. Semantic barrier: is being referred to in the above paragraph.(1/2)          It is the problems and obstructions in the process of encoding and decoding the messages in to words or impression.(1/2)</p> <p>2. The measures by which he can improve his communication effectiveness are suggested below( <b>any three</b>)</p> <ul style="list-style-type: none"> <li>○ <b>Communicate according to the needs of receiver:</b> Raj should adjust his communication according to the education and understanding levels of his subordinates.</li> <li>○ <b>Be aware of languages, tone and content of message:</b> The contents of the message, tone, and language used and the manner in which the message is to be communicated are the important aspects of effective communication.</li> <li>○ <b>Ensure proper feedback:</b> He may ensure the success of communication by asking questions regarding the message conveyed. Thus the communication process may be improved by the feedback received to ensure that the workers have understood his ideas clearly.</li> <li>○ <b>Follow up communications:</b> He should do a regular follow up and review on the instructions given to the workers. Such follow up measures help in removing hurdles, if any, in implementing the instructions.</li> </ul> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p>	4

31	<p>Ans: <b>Advantages of formal organisation</b> (Any three)</p> <ol style="list-style-type: none"> <li>I. Fixation of responsibility</li> <li>II. Clarity of duties</li> <li>III. Unity of command</li> <li>IV. Helps in achieving objectives</li> <li>V. Provides stability</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p> <p><b>Disadvantages ( any three)</b></p> <ol style="list-style-type: none"> <li>I. Delay in action</li> <li>II. Lack of initiative</li> <li>III. Ignores human elements</li> <li>IV. Dissatisfaction among employees</li> </ol> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*3=3)</b></p> <p style="text-align: center;">OR</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Basis of Difference</th> <th style="width: 35%;">Functional structure</th> <th style="width: 40%;">Divisional structure</th> </tr> </thead> <tbody> <tr> <td>Creation</td> <td>It is created on the basis of various functions in the organisation.</td> <td>It is created on the basis of various product lines of the organisation.</td> </tr> <tr> <td>Costs</td> <td>It helps in avoiding duplication of work, so cost is minimised.</td> <td>There is high duplication of work among various departments. Accordingly, the costs for the organisation are high.</td> </tr> <tr> <td>Decision Making</td> <td>Power of decision making is concentrated at the top level of management.</td> <td>Each division has the freedom to take its own decisions.</td> </tr> <tr> <td>Suitability</td> <td>It is more suitable for organisations which focus on operational specialisation.</td> <td>It is more suitable for organisations which deal with multiple product lines.</td> </tr> <tr> <td>Functional Hierarchy</td> <td>Horizontal functional hierarchy is formed, while the departments are devised on the basis of key operations.</td> <td>Vertical functional hierarchy is formed, while devising the departments on the basis of product-line categories.</td> </tr> <tr> <td>Management</td> <td>Management is difficult as each functional manager has to report to one coordinating head at the top level of management.</td> <td>Management is easier as there are independent departments for various products.</td> </tr> </tbody> </table> <p><b>(Per Basis- ½ mark + ½ mark for differentiation = 1*6=6)</b></p>	Basis of Difference	Functional structure	Divisional structure	Creation	It is created on the basis of various functions in the organisation.	It is created on the basis of various product lines of the organisation.	Costs	It helps in avoiding duplication of work, so cost is minimised.	There is high duplication of work among various departments. Accordingly, the costs for the organisation are high.	Decision Making	Power of decision making is concentrated at the top level of management.	Each division has the freedom to take its own decisions.	Suitability	It is more suitable for organisations which focus on operational specialisation.	It is more suitable for organisations which deal with multiple product lines.	Functional Hierarchy	Horizontal functional hierarchy is formed, while the departments are devised on the basis of key operations.	Vertical functional hierarchy is formed, while devising the departments on the basis of product-line categories.	Management	Management is difficult as each functional manager has to report to one coordinating head at the top level of management.	Management is easier as there are independent departments for various products.	6
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32	<p>Ans:</p> <p>marketing is “a social process by which individual groups obtain what they need and want through creating offerings and freely exchanging products and services of value with others. <b>(1)</b></p> <p>Functions are : <b>(Any five)</b></p> <ol style="list-style-type: none"> <li>a. Gathering and analyzing market information</li> <li>b. Marketing planning</li> <li>c. Standardization and grading</li> <li>d. Product design and development</li> <li>e. Packaging and labeling</li> </ol>	6																					

	<p>f. Branding g. Promotion h. Physical distribution</p> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*5=5)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>a. Product cost b. Utility and demand c. Extent of competition d. Govt. and legal regulation e. Pricing objectives f. Marketing methods used</p> <p><b>(Per point- ½ mark for heading + ½ mark for explanation = 1*6=6)</b></p>	
33	<p>Ans: Principles of Management (<b>Any 4</b>)</p> <p>a) Unity of Command- “Sometimes the subordinates had to work for more than one superior resulting in declining efficiency.” (1/2 + ½) Meaning- According to this principle, each subordinate should receive orders and be accountable to one and only one superior. (1/2)</p> <p>b) Unity of Direction- “The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage.” (1/2 + ½) Meaning- According to this principle, there should be one head and one plan for group of activities. (1/2)</p> <p>c) Discipline- “The workers were becoming undisciplined.” (1/2 + ½) Meaning- Discipline refers to obedience to rules and regulations of the organisation, which is necessary for systematic working of the organisation. (1/2)</p> <p>d) Spirit De Corps- “The spirit of teamwork, which had characterised the company, previously was beginning to wane.” (1/2 + ½) Meaning- According to this principle, management should promote a team spirit of unity and harmony among employees. (1/2)</p> <p>e) Initiative- “initiative was declining” (1/2 + ½) Meaning- According to this principle, workers should be encouraged and given an opportunity to take some initiative in making and executing the plans. (1/2)</p>	6
34	<p><b>Answer:</b></p> <ol style="list-style-type: none"> <li>1. Securities And Exchange Board of India (SEBI) regulates the working of stock exchanges in India. <b>(1)</b></li> <li>2. Three functions performed by stock exchanges are as follows<b>(3)</b> <ul style="list-style-type: none"> <li>○ Ensures liquidity and marketability of existing securities by a providing a ready and continuous market for the sale and purchase of securities.</li> <li>○ Helps in determining the prices of the securities through the forces of demand and supply.</li> <li>○ It provides a legal framework for fair and safe dealings.</li> </ul> </li> <li>3. Two advantages of screen-based trading are as follows<b>(2)</b> <ul style="list-style-type: none"> <li>○ As the investors get access to the stock market during real time, there is complete transparency in the dealings.</li> <li>○ It provides a common platform for exchange of securities thereby increasing the efficient transactions by saving time, effort and money.</li> </ul> </li> </ol>	6

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