

**Class 12**

**Business Studies**

**Set 4 with Solutions**

**Time : 3 Hr.**

**Max. 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.

Attempt all parts of the questions together.

Question 1.

Madhvi took her daughter Kia for shopping to 'Mega Mart' to buy her a dress for her birthday party. She was delighted when on payment of the dress she got a bag along with the dress free of cost. Identify the technique of sales promotion used by the company.

- (a) Rebate
- (b) Discount
- (c) Product combination
- (d) None of the above (1)

Answer:

- (c) Product combination

Explanation: Product combination is a tool of sales promotion under which along with the main product some other product is offered to the customer as a gift. Here, in the given case, customer is getting a bag along with the dress, as a freebie i.e. an additional product hence, we can identify the technique of sales promotion used by the company as product combination.

Related Theory

Some other commonly used sales promotion activities are rebate, discount, money back offer, combination, instant techniques with assured gifts, free service coupons, full finance, free samples and contests etc.

Rebate is the offering of special prices for product by the seller. It is partial refund of the cost of an item.

Discount is selling the product at less than listed price.

Question 2.

Mr. Raghav is the General Manager in a automobile components manufacturing company. He is facing some domestic problems and most of the times he is busy thinking about the problems and mentally pre-occupied in the same. Ajay Sharma, the Production Manager discusses some production strategies with him to reduce the cost of production and also to increase the quality of the products.

Since Mr. Raghav's mind is pre-occupied in his problems he is unable to understand the strategies and respond accordingly. Ajay Sharma is unable to implement the same in the production. Identify the communication barrier

- (a) Psychological barrier
- (b) Semantic barrier

- (c) Organisational barrier
- (d) Personal barrier (1)

Answer:

- (a) Psychological

Explanation: Psychological or emotional

barriers are mental walls that come as a hindrance in openly communicating the views and thoughts to others. Psychological barriers are due to mental limitations created by one's own self This .case falls into the category of lack of attention case of emotional barrier. In this case, the receptor is preoccupied with some other work or is in his thoughts, he does not listen to the message attentively leading to barriers to communicate easily.

Related Theory

Semantic barriers are concerned with problems and obstructions in the process of coding and decoding of message into words or impressions Organisational barriers are related to organisation structure, authority relationships, rules and regulations Personal barriers are related to fear of challenge to authority, lack of confidence of superior or subordinates unwillingness to communicate and lack of proper incentives

Question 3.

This concept of control management is based on the belief that if you try to control everything, you may end up controlling nothing.

- (a) Critical point control
- (b) Key result areas
- (c) Management by exception
- (d) Deviations (1)

Answer:

(c) Management by exception Explanation: Management by exception is an important principle of control management based on the belief that an attempt to control every thing result in controlling nothing. Thus, only significant deviation which go beyond the permissible limit should be brought to the notice of management.

Related Theory

While analysing deviations in the controlling process it is important to determine the acceptable range of deviations. Deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas.

Question 4.

Which of the following is not an element of directing?

- (a) Motivation
- (b) Delegation
- (c) Leadership
- (d) Communication (1)

Answer:

- (b) Delegation

Explanation: Elements of directing are: supervision, motivation, leadership and communication. Delegation refers to the downward transfer of authority from a superior to a subordinate. It is an organisational function.

Related Theory

Motivation means inducing to act in a manner to achieve the end results

Leadership is the ability to influence people to maximum contribution to achieve organisational goals.

Communication is the transfer of information among people to reach common understanding.

Question 5.

Business environment means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance. Which of the following does not characterise the business environment?

- (a) Uncertainty
- (b) Employees
- (c) Complexity
- (d) Relativity (1)

Answer:

- (b) Employees

Explanation: Business environment is defined by various external factors that define the business and may affect the performance of the business. These features are outside the control of a business enterprise and hence considered external in nature. Uncertainty, Complexity and Relativity are three of such features. Here, an employee is an internal factor and not an external factor. Hence, it is not part of the business environment

Related Theory

Inter-relatedness, specific and general forces totality of external forces and dynamic are other features that characterise the business environment

Question 6.

“A collection of diverse individuals with different needs but working towards fulfilling the common organisational goals”, this statement highlights which characteristic of management?

- (a) Management is a goal oriented process
- (b) Management is multi dimensional
- (c) Management is a continuous process
- (d) Management is a group activity (1)

Answer:

- (d) Management is a group activity

Explanation: Every member of the organisation has a different purpose for joining the organisation but as member of the organisation they work towards fulfilling the common organisational goals. This requires team work and coordination of individual effort in a common direction.

Related Theory

Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment

Question 7.

Ary a Ltd. a reputed laptop manufacturer needs ₹ 15 crores as additional capital to expand its business. Mohit Goyal, the CEO of the company wanted to raise funds through equity. On the other hand, the Finance Manager, Karan Dixit said that the public issue may be expensive on account of various mandatory and non-mandatory expenses. Therefore, it was decided to allot the securities to institutional investors. Name the method through which the company decided to raise additional capital.

- (a) Private placement
- (b) Offer for sale
- (c) Offer through prospectus
- (d) None of these. (1)

Answer:

- (a) Private placement

Explanation: Private placement is the allotment of securities by a company to institutional investors or some selected individuals. As the company decided to allot securities to institutional investors, this method of raising capital is Private Placement. It is quicker and cheaper method to raise capital through private offering of securities as against to a public issue (equity).

#### Related Theory

Under the offer to sale method, a company sells securities at an agreed price to brokers who, in turn, resell them to the investing public. Raising capital by inviting subscriptions from public through issue of prospectus is Offer through Prospectus.

#### Question 8.

Match the concepts of financial markets in column I with their respective definitions in

Column 1	Column II
(A) Dematerialisation	(i) Stock market index of Bombay stock exchange
(B) SEBI	(ii) Process of holding securities is an electronic form
(C) SENSEX	(iii) Seperate regulatroy body for stock, exchange.

- (a) A-(i), B-(ii), C-(iii)
- (b) A-(ii), B-(i), C-(iii)
- (c) A-(ii), B-(iii), C-(i)
- (d) A-(iii), B-(ii), C-(i) (1)

Answer:

- (c) A-(ii), B-(iii), C-(i)

Explanation: Dematerialisation of securities is holding securities in electronic book entry form to avoid theft, forgery, transfer delays, and time involved in paper work.

Securities and Exchange Board of India (SEBI) was established in 1988 as an interim administrative body to promote orderly and healthy growth of securities market.

SENSEX is a free float market weighted stock market index of 30 well established and financially sound companies listed on Bombay Stock Exchange.

#### Question 9.

Which of the following training is not required in case of internal source of recruitment?

- (a) Vestibule training
- (b) Apprenticeship training
- (c) Coaching
- (d) Induction training (1)

Answer:

- (d) Induction training

Explanation: Induction training is a type of training given to help a new employee in settling down quickly into the job by becoming familiar with the people, surrounding job etc. In internal source of recruitment the employee is already acquainted with the surrounding and atmosphere in the organisation and hence does not need any induction training.

#### Related Theory

Vestibule training is done to make the employees learn their jobs on the equipment they will be using but away from the actual work floor. Apprenticeship training put the trainee under the guidance of a master

worker to acquire higher level of skill. In the coaching method of training, the superior guides and instructs the trainee as a coach

Question 10.

Shobhit, an experienced stock broker advised his client to invest in share of High Rise Ltd., as the company has declared high dividends since an increase in dividends is perceived as a good news and stock prices react positively to it. Identify the related factor of dividend decision being described in the above lines:

- (a) Tax rate
- (b) Growth opportunities
- (c) Stock market reactions
- (d) Access to capital market (1)

Answer:

- (c) Stock market reactions.

Explanation: Investors view an increase in dividend as a good news and stock price react positively to it.

Related Theory

Tax rate effects the dividend decision in a way that though the dividend is free of taxes in the hands of shareholders but dividend distribution tax is levied on companies.

Companies having growth opportunities retain more money out of their earning so as to finance the required investment The dividend in these companies is smaller.

Large companies has easy access to capital market and rely less on retained earnings. As such they declare high dividends

Question 11.

Abhishek Ltd. is involved in manufacturing of cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well-managed organisation and believes in quality, equal employment opportunities and good remuneration practices.

It has many shareholders who receive a regular income from their investments. It has taken a loan of ₹ 50 lakhs from ICICI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

What kind of financial decision is made in Abhishek Ltd?

- (a) Investment Decision
- (b) Dividend Decision
- (c) Financing Decision
- (d) None of these (1)

Answer:

- (b) Dividend Decision

Explanation: Dividend decisions are concerned with deciding the amount of profits of a business to be distributed among their owners or shareholders. This also implies that decision-making is directed towards the amount of earnings a business can retain.

Related Theory

Factors affecting dividend policy decisions are:

Legal constraints

Amount of earnings

Stability of earnings

Stock market reaction

Access to capital markets

Contractual constraints etc

Question 12.

A recently started software company is doing very well and planning its expansion in near future. The company has distributed half of its profits to the shareholders and kept half of it with itself. Identify the financial decision taken by the company

- (a) Dividend decision
- (b) Financing decision
- (c) Investment decision
- (d) Both (a) and (b) (1)

Answer:

- (a) Dividend decision

Explanation: This is an example of dividend decision. It involves deciding how much of the profit (after tax), earned by the company, can be distributed to the shareholders and how much should be retained in the business. Here, the company decided upon distributing fewer profits so that it can invest in the expansion of the business.

Related Theory

Financing decision is the decision about how much of finance (debt or equity based) should be raised from available many long term sources Investment decision is how a firm invests its funds in different assets to earn the highest possible return for their investors For example, making an investment in a new machine to replace an existing one or acquiring a new fixed asset or opening a new branch.

Question 13.

The impact of financial leverage on the profitability of a business can be seen through which analysis?

- (a) EAT-EPS
- (b) EBIT-EPS
- (c) EPS-EBIT
- (d) EBT-EPS (1)

Answer:

- (b) EBIT-EPS

Explanation: Financial leverage is computed as  $D/E$  or  $D/D + E$  when D is the Debt and E is the Equity. As the financial leverage increases, the cost of funds declines because of increased use of cheaper debt but the financial risk increases. The impact of financial leverage on the profitability of a business can be seen through EBIT-EPS (Earning before Interest and Taxes-Earning per Share)

Question 14.

Which of these is a factor affecting capital structure decision?

- (a) Debt Service Coverage Ratio
- (b) Interest Coverage Ratio
- (c) Cash Flow Position
- (d) All of the above (1)

Answer:

- (d) all of the above

Explanation: Deciding about the capital structure of a firm involves determining the relative proportion of various types of funds. This depends on various factors. For example, debt requires regular servicing. Interest payment and repayment of principal are obligatory on a business.

Question 15.

Which of the following statements is not true with regard to capital market?

- (a) The funds are raised for a short period of time.
- (b) Both debt and equity funds can be raised.
- (c) It is classified into two types.
- (d) All of the above. (1)

Answer:

- (a) The funds are raised for a short period of time.

Explanation: The term capital market refers to facilities and institutional arrangements through which long-term funds, both debt and equity are raised and invested.

Question 16.

Management should find 'one best way' to perform a task. Which technique of scientific management is defined in this statement?

- (a) Time study
- (b) Motion study
- (c) Method study
- (d) Fatigue study (1)

Answer:

- (c) Method study

Explanation: Management should find the best method to perform a particular task. The best method is one which gives maximum output with minimum wastage of resources.

Question 17.

Statement I: The consumer has a right to get relief in case the product or service falls short of his expectations

Statement II: The consumer does not have a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

Choose the correct option from the options given below:

- (a) Statement I is correct and II is wrong
- (b) Statement II is correct and I is wrong
- (c) Both the statements are correct
- (d) Both the statements are incorrect (1)

Answer:

- (a) Statement I is correct and II is wrong

Explanation: The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

Question 18.

The Consumer Protection Act, 1986 seeks to protect and promote the interests of .....

- (a) Consumers
- (b) Marketers
- (c) Both
- (d) None of the above (1)

Answer:

- (a) Consumers

Explanation: The Act provides safeguards to consumers against defective goods, deficient services, unfair trade practices, and other forms of their exploitation

Question 19.

.....is non-paid form of promotion:

- (a) Advertising
- (B) Sales promotion
- (C) Publicity
- (D) Personal selling (1)

Answer:

- (c) Publicity

Explanation: Publicity is a non-paid and non-personal promotional tool This is because it generates awareness about the product of the company without the direct involvement of the company and it is free of cost for the company.

Question 20.



Identify the dimension of the business environment which has made the major changes in the banking sector.

- (a) Technological
- (b) Social
- (c) Political
- (d) Economic (1)

Answer:

- (a) Technological

Explanation: The above situation shows the withdrawn of money via ATM. It is a major changes happened in banking sector due to technological advancement

Question 21.

Discuss the limitations of planning.

OR

Explain the first three steps in the process of planning. (3)

Answer:

The limitations of planning are as follows: (any three)

(i) Planning leads to rigidity: Once plans are made to decide the future course of action and communicated to the team, the manager may not be in a position to change them.

(ii) Planning may not work in a dynamic environment: Business environment is dynamic as it keeps on changing continuously. The organisation has to adapt itself to these changes because it



is difficult to forecast the future changes with absolute accuracy. The dynamic environment may sometimes lead to failures of plans.

(iii) Planning reduces creativity: Planning is done by the management and the employees belonging to the middle and lower levels of management has to follow these plans. They are not allowed to change the plans made by the superiors. Thus, it reduce the initiative and creativity in the employees.

(iv) Planning involves huge costs: Planning process involves lot of cost in terms of time and money because it is an intellectual process and companies need to hire the professional experts to carry on this process.

(v) Planning is a time-consuming process: Planning involves collection, analysis and interpretation of data, which is a very time consuming process. Due to such process, sometimes decisions gets delayed, opportunities are lost and there is not much time left for the implementation of plans.

OR

The first three steps involved in the planning process are:

(i) Setting objectives: The first and foremost step in planning process is setting objectives which an organisation wants to achieve. They may be set for the entire organisation and each department or unit within the organisation. Objective should be time- bound, clear and specific

(ii) Developing premises: It reflects the assumptions about the future that the manager is required to make since the future is uncertain.

(iii) Identifying alternative courses of action: All the alternative courses of action should be identified through which the desired goats can be achieved.

Question 22.

Explain how supervision helps in optimal utilisation of resources.

OR

“Leadership is required only for less efficient subordinates”. Do you agree? Give any four reasons to support your answer. (3)

Answer:

Supervision is the process of guiding the efforts of employees and other resources to accomplish the desired objectives. It means overseeing what is being done by subordinates and giving instructions to ensure optimum utilisation of resources and achievement of work targets.

Supervising is continuously required at all levels of management that involves establishing performance schedules and standards, for work to proceed in a particular manner and a consistent level of performance is maintained. This ensures that relevant resources are allocated and utilised especially by subordinates in the lower levels who are mainly responsible for working and completing the defined tasks and activities.

OR

No, I do not agree with this. The reasons for my disagreement are as follows:

(i) Clear vision: Leadership sets a clear vision and communicates them effectively to all subordinates at all levels of management

(ii) Effective planning: Leadership entails generating a structured plan of action every day that will effectively meet pertinent goals on a given day.

(iii) Inspiration and motivation: Leadership involves demonstrating daily tasks, coaching, providing immediate feedback, recognising accomplishments, etc., that inspires and motivates subordinates/ colleagues at all levels to restore and revive commitment and enthusiasm in an organisation.

(iv) Employee relations: Leadership entails an open and engaging relationship between the leader and their team members and develops a sense of ownership and a close alignment between individuals and team objectives.

Caution

Students should not misunderstand supervision and leadership.

Question 23.

A company was manufacturing solar panels for charging of mobiles, which were in great demand. It was found that target of producing 500 solar panels a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to non availability of raw materials, the company was not able to achieve set targets and alternative arrangements were needed.

(a) Identify the function of management discussed above.

(b) State the steps in the process of the function identified which are discussed in the above paragraph. (3)

Answer:

(a) The function of management discussed above is controlling.

(b) The steps in the process of controlling identified in the above paragraph are:

(i) Setting standards of performance: The first step in controlling process is setting up of performance standards. The company has set a target of producing 500 solar panels.

(ii) Measurement of actual performance: Once performance standards are set, the next step is measuring actual performance. On analysis, it was found that targets were not met by the employees

(iii) Comparing actual performance: After the actual performance is measured, it can be compared with the pre-defined standards. This helps in assessing whether there are any deviations / deficiencies in performance.

(iv) Analysing deviations: With the comparison of the actual performance with set standards, deviations in performance are identified.

Question 24.

Concept and Styles is a company manufacturing office furniture. The company choose to diversify its operations to improve its growth potential and increase market share. As the project was important, many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organisation.

After evaluating the various alternatives Amarjeet, the managing director of the company decided they should add "interiors and furnishings" as a new line of business activity. Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity. Give reason in support of your answer.

Answer:

To cope with the emerging complexity, the diversified organisation should adopt divisional structure of organisation. This structure is suitable for the diversified organisation because in a divisional structure, the organisation structure comprises of separate business units or divisions.

Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. Divisional heads are accountable for profits, as revenues and costs related to different divisions can be easily identified. It facilitates expansion and growth as new divisions can be added without interrupting the existing operations.

Question 25.

Scientific Equipments Ltd, a laboratory equipment manufacturer, adopted several ways of training to improve the quality and quantity of output and provide job satisfaction.

(i) Mr. Anthony was provided a dummy model of machinery to do practice on it.

- (ii) Ms. Ghosh was shifted from purchase department to production department for a short interval of time.
- (iii) Mr. Sameuls was asked to work with an expert for a specific time period so that he can learn by observations.
- (iv) Ms. Banerjee was provided study material so that she goes through these units by answering the questions and fill in the blanks.
- (v) Mr. Rao was in the company so that he could practice the theoretical knowledge acquired by him from his college. Identify which techniques of training were used and for whom by Scientific Equipments Ltd. Classify them as On-the-job training and Off-the-job training. (4)

Answer:

Training refers to the process of imparting necessary skills and knowledge to the employees to enhance their level of performance. It involves organised procedures by which employees gain knowledge and special skills to accomplish a particular job. Training provides benefit to both the employees as well as the organisation. There are two methods of training; on-the-job training and off-the-job training.

On the-job training is a form of training provided at the workplace during the performance of the actual job whereas when training is provided outside the actual work place, it is called off- the-job-training.

Employees	Training method	Classification
(i) Mr. Anthony	Vestibule training	Off-the-Job Training
(ii) Ms. Ghosh	Job rotation	On-the-job Training
(iii) Mr. Sameuls	Coaching	Off-the-Job Training
(iv) Ms. Banerjee	Programmed instruction	Off-the-Job Training
(v) Mr. Rao	Internship training	Off-the-Job Training

Question 26.

Explain the features of planning. (4)

Answer:

The features of planning are following:

- (i) Planning is pervasive: It is pervasive as it is required at each level of management (/'.e., top, middle, or operational level) as well as in all departments of all organisation. It is not an exclusive function of top management. Planning is what all managers do at all levels.
- (ii) Planning is a continuous process: Plans are made for a specific time period i.e., for a month or a quarter or a year. Once a plan is implemented and the goal is achieved, the organisation frames new plans. New plans are made as per the requirements of the organisation. Hence, planning is a continuous process.
- (iii) Planning is primary function of management: Planning is the foundation of all other functions of management. All other functions of management are performed under the framework of planning. Thus, planning precedes other functions of management Thus, planning is also known as primary function of management
- (iv) Planning focuses on achieving objective: Planning is a purposeful activity. It has no meaning unless it contributes to the achievement of predetermined organisational goals.

Caution

Do not write excessive explanation of the points.

Question 27.

Explain any four points of importance of consumer protection from the point of view of business.

OR

State the responsibilities of a consumer. (4)

Answer:

The importance of consumer protection from the point of view of business are:

(i) Long term interest: For any business, consumer satisfaction is essential. In present times, with increasing competition, consumer satisfaction has become the most important. As the organisation takes care of the interests of the consumers, it builds goodwill and reputation in the market. This in turn, helps in increasing the sales and profits of the business. Thus, protecting consumer's interests, benefits the business in the long-run.

(ii) Business uses society's resources: Business organisations use resources which belong to the society. Thus, they have a responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.

(iii) Social responsibility: A business has social responsibilities towards various interest groups. Business organisations make money by selling goods and providing services to consumers. Thus, consumer form an important group among the many stakeholders of business.

(iv) Moral justification: It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.

OR

The responsibilities of a Consumer are:

Be aware about various goods and services available in the market

Buy only standardised goods and check for standardisation mark.

Be aware about the risks associated with the products and services and use them prudently.

Read the labels on the product carefully.

Assert oneself to ensure that they get a fair deal.

Be honest in their dealings.

Ask for a cash memo on purchase of goods or services.

File a complaint in an appropriate consumer forum, in case of a shortcoming in the quality of goods purchased or services availed.

Form consumer societies which would play an active part in educating consumers and safeguarding their interests.

Show concern for the environment

Question 28.

Param and Govinda after finishing their postgraduation decided to start their own Chinese cafeteria. They also thought of providing food within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Sharma who liked the idea and suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly.

He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder

their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.

(a) Identify and explain the component of business environment highlighted in the above para.

(b) State any two features of business environment as discussed by Professor Sharma with Param and Govinda.

(c) Also state two points of importance of business environment as stated by Professor Sharma in the above situation.

OR

Explain the role of political environment in shaping the business. (4)

Answer:

(a) Technological environment is the component of business environment highlighted in the above para. Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

(b) The two features of business environment as discussed by Professor Sharma with Param and Govinda are as follows:

(i) Dynamic nature: Business environment is dynamic in nature and keeps on changing due to technological upgradations, shifts in consumer preferences or increase in competition in the market.

(ii) Inter-relatedness: All the elements of business environment are closely inter-related. Therefore, any change in one element may necessitate corresponding changes in the other elements as well

(c) The two points of importance of business environment as stated by Professor Sharma in the above situation are described below:

(i) It enables the firm to identify opportunities and getting the first mover advantage: The dynamic business environment provides numerous opportunities for a business to evolve as per the changing needs. Therefore, early identification of the forthcoming opportunities helps an enterprise to be the first to exploit them instead of losing them to the competitors.

(ii) It helps the firm to identify threats and early warning signals: Sometimes the change in the external environment may pose as a threat and hinder a firm's performance. Awareness about the business environment helps the managers to identify such threats on time and take necessary decisions and action.

OR

Political environment includes political conditions such as general stability and peace in the country and the attitude of the elected government representatives towards businesses. Political stability builds confidence among business community while political instability and bad law and order situation may bring in uncertainty in business activities. A business functions within the framework of political environment.

Generally, governments policies change with the change of government in power. Business is required to understand and follow such changes and also respect the orders that fiduciary gives from time to time.

Question 29.

Due to proper organising and division of work, a company goes for systematic assignment of jobs among the employees.

(a) Which importance of organising is highlighted here?

(b) Explain four more importance of organising. (4)

Answer:

(a) The importance of organising highlighted here is 'Benefits of specialisation. Benefits of specialisation: Organising leads to a systematic allocation of jobs among the workforce. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.

(b) The other importance of organising are:

(i) Clarity in working relationships: The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification to the extent of authority to be exercised by an individual.

(ii) Optimum utilisation of resources: Organising leads to the proper usage of all material, financial and human resources. The proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources.

(iii) Adaptation to change: The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter relationships amongst managerial level to pave the way for a smooth transition.

(iv) Effective administration: Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enable proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.

Question 30.

Swastik Fragrances Ltd. is a large creditworthy company that manufactures and exports incense stick and perfumes. The company is exporting its products to Middle East countries and plans to expand its exports to European countries.

The company has recently received a huge export order. Since the order is huge, it needs some short term finance. To meet its requirements, the company decides to tap the money market.

(a) Name and explain the money-market instrument the company can use for the above purpose.

(b) What is the duration for which the company can get funds through this instrument?

(c) State any other purpose for which this instrument can be used. (4)

Answer:

(a) The money market instrument that a company can use for this purpose is commercial paper.

Commercial paper is a short-term unsecured, negotiable, promissory note with a fixed maturity period which is issued by large and creditworthy companies to raise short term funds at lower rates of interest than the prevailing market rates.

(b) The duration for which the company can get funds through this instrument is 15 days to one year.

(c) It can also be used to meet the short-term seasonal and working capital requirements of a business enterprise. Funds raised through commercial paper can also be used to meet the floatation cost. This is known as Bridge financing.

Question 31.

Explain the objectives of Securities Exchange Board of India (SEBI). (6)

Answer:

Securities and Exchange Board of India (SEBI) is a statutory regulatory body entrusted with the responsibility to regulate the Indian capital markets. It monitors and regulates the securities market and protects the interests of the investors by enforcing certain rules and regulations.

SEBI was founded on April 12, 1992, under the SEBI Act, 1992. Headquartered in Mumbai, India, SEBI has regional offices in New Delhi, Chennai, Kolkata and Ahmedabad along with other local regional offices across prominent cities in India.

The objectives of Securities and Exchange Board of India (SEBI) are following:

- (i) To regulate the stock exchange and the securities market to promote their normal functioning.
- (ii) To protect the rights and interests of individual investors to guide and educate them.
- (iii) To prevent trading malpractices like price rigging and insider trading.
- (iv) To regulate and develop a code of conduct and fair practices by intermediaries like brokers and merchant bankers etc. with an aim to make them competitive and professional

Question 32.

Explain the features of coordination.

OR

A successful enterprise has to achieve its goal effectively and efficiently. Explain (6)

Answer:

The features of coordination are as follows:

- (i) Integrates group efforts: Coordination unifies unrelated or diverse interests into purposeful group activity. It gives a common focus to group effort to ensure that performance is as per plans.
- (ii) Ensure, unity of efforts: Coordination always emphasises on unifying the efforts of different individuals because conflicting efforts may cause damage to organisation. The main aim of every manager is to coordinate the activities and functions of all individuals to common goal.
- (iii) Continuous process: Coordination is a never-ending function. It is a continuous function although its degree may vary. The managers work continuously to achieve and maintain coordination because without coordination companies cannot function efficiently.
- (iv) Coordination is a pervasive function: Coordination is a universal function. It is required at all the levels, in all the departments and to perform all the functions due to interdependence of various activities on each other. For example, if low quality inputs are purchased by purchase department, it will result in production of low-quality product which further result in low sale, low revenue and so on.
- (v) Coordination is a deliberate function: A manager has to coordinate the efforts on different people in conscious and deliberate manner. Cooperation in the absence of coordination may lead to wasted effort

OR

Management has been defined as a process of getting things done with the aim of achieving organisational goals effectively and efficiently. Being effective or doing work effectively means finishing the given task. Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. It is concerned with the end result But it is not enough to just complete the tasks.

There is another aspect i.e. being efficient or doing work efficiently. Efficiency means doing the task correctly and with minimum cost. There is a kind of cost benefit analysis involved and relationship between inputs and outputs. If by using less resources more benefits are derived then efficiency has increased.

Efficiency is also increased when for the same benefit or output fewer resources are used and less costs are incurred. Input resources are money, material, equipment and person required to do a particular task. Management is concerned with the efficient use of these resources because they reduce costs and ultimately lead to higher profits.

Question 33.

Define marketing. Explain the important features of marketing.

OR

Explain the merits of advertising. (6)

Answer:

Marketing is a collection of merchandising, selling and shopping activities undertaken by a firm. It is a process whereby people exchange goods and services for money or something of value to them. Marketing has been defined as, "a social process by which individual or group obtain what they need and want through creating offerings and freely exchanging products and services of value with others."

Thus, marketing is a social process wherein people interact with each other, in order to persuade them to act in particular way, say to purchase, a product or a service rather than forcing them to do so.

The important features of marketing are as follows:

(i) Need and want: The process of marketing helps individuals and groups in obtaining what they need and want. Thus, the primary reason or motivation for people to engage in the process of marketing is to satisfy some of their needs or wants.

(ii) Creating a market offering: Market offering refers to a complete offer for a product or service, having given features like size, quality, taste etc at a certain price, available at a given outlet or location and so on. A good market offer is the one which is developed after analysing the needs and preferences of potential buyers.

(iii) Customer value: The process of marketing facilitates exchange of products and services between the buyer and sellers. A product will be purchased only if it is perceived to be giving greatest benefit or value for money. The job of a marketer, therefore, is to add to the value of the product so that the customers prefer it in relation to the competing products.

(iv) Exchange mechanism: The process of marketing works through the exchange mechanism. The individuals obtain what they need and want through the process of exchange. Exchange refers to the process through which two or more parties come together to obtain the desired product or service from someone offering the same by giving something in return.

OR

The merits of advertising are:

(i) Mass reach: Advertising is a medium through which many prospective buyers can be approached over a vast geographical area. For example, an advertisement message placed in a national daily reaches lakhs of people or its subscribers.

(ii) Economic Advertising is an economic mode of communication, if many people are to be reached. Due to its wide reach, the overall cost of advertising gets spread over various communication links established. As a result, the per unit cost becomes low.

(iii) Introduces a new product in the market: Advertising plays significant role in the introduction of a new product in the market It influences the people to purchase the product For example: Samsung can easily launch TV under same brand name.

(iv) Expansion of the market: it enables the manufacturer to expand its market It helps in exploring new markets for the product and retaining the existing markets. It plays a sheet anchor role in widening the marketing for the manufacturer's products even by conveying the customers living at the far flung and remote areas.

(v) Increased sales: Advertisement facilitates mass production of goods increasing the volume of sales. In other words, sales can be increased with additional expenditure on advertising. With every increase in sale, selling expenses will decrease.

(vi) Educates the consumers: Advertising is educational and dynamic in nature.

It familiarises the customers with the new products and their diverse uses and educates them about the new uses of existing products.



Question 34.

Dheeraj, a sales representative of Onida Ltd. has changed seven jobs in the last one year. He is a hardworking person but is not able to finalise deals with customers due to his inadequate vocabulary and omission of needed words. Sometimes, he uses wrong words because of which the intended meaning is not conveyed. All this creates a misunderstandings between him and his clients.

- (a) Identify the communication barrier discussed above.
- (b) State the category of this communication barrier.
- (c) Explain any other communication barriers of the same category. (6)

Answer:

- (a) The communication barrier discussed above is badly expressed message.
- (b) This kind of barrier falls in the category of semantic barriers.
- (c) Semantic barriers are concerned with problems and obstructions in the process of encoding and decoding of message into words or impressions.

A few of the barriers in the same category are discussed below:

- (i) Symbols with different meanings: Sometimes, a word may have several meanings. The communication will be effective only if the receiver perceives it in the same manner as intended by communicator.
- (ii) Faulty translations: Many a times it has been noted that if the translator is not proficient with both the languages, mistakes may creep in, causing different meanings to the communication.
- (iii) Technical jargon: It is usually seen that specialists use technical jargon while explaining something. If the persons with whom they are communicating are not specialists in the concerned field, they may not be able to understand the actual meaning of many such words.
- (iv) Body language and gesture decoding: While speaking, one may tend to move his/her body in a certain manner. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived by the receiver.

