



Section 'A'

1. (b) Management [1]
2. Unity of command [1]
3. (c) Absolute [1]
4. (d) All of these [1]
5. Setting objectives [1]
6. (c) Budget [1]
7. (b) Organising [1]
8. (c) Formal [1]
9. (a) Staffing [1]
10. (b) Advertisement [1]
11. (b) Faulty translation [1]
12. (a) Plans [1]
13. (d) Financial planning [1]
14. (a) Increase [1]
15. (b) Investment [1]
16. (c) Both (a) and (b) [1]
17. (b) Private Placement [1]
18. (b) ₹ 25,000 [1]
19. True [1]
20. (c) Right to be heard [1]

Section 'B'

21. **Efficiency and Effectiveness** : Efficiency means doing the task correctly and with minimum cost.

Effectiveness means doing the right task, completing activities and achieving goals.

Example : Say, a company's target production is 5,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5,000 units but at a higher production cost. In this case, the manager was effective but not so efficient.

In the above situation, if the manager was able to achieve the production target but at a higher cost. He would have been effective but not efficiency (or any other correct example) [1 + 1 + 1 = 3]

[CBSE Marking Scheme 2015]

22. Limitations of external source of recruitment :

- (i) It may lead to dissatisfaction among existing employees as they may feel that their chances of promotion are reduced.
 - (ii) It is a lengthy process as the vacancies have to be notified and applications received before selection.
 - (iii) It is a costly process as a lot of money is spent on advertisement and processing of applications.
- (If an examinee has given only the heading, 1/2 mark for each heading should be awarded.)

[1 × 3 = 3]

[CBSE Marking Scheme 2017]

Commonly Made Error

- Generally students write for internal sources when asked for external sources.

Answering Tip

- Students should learn the concept properly and understand the differences between internal & external sources to write their advantages and limitations.

OR

22. Merits of external sources of recruitment :

- (i) The management can attract qualified and trained people to apply for vacant jobs in the organisation.
 - (ii) The management has a wider choice while selecting the right candidate.
 - (iii) External sources bring fresh talent in the organisation.
 - (iv) External sources encourage competitive spirit among the existing staff. (Any three)
- (If an examinee has given only the headings, 1/2 mark for each heading should be awarded)

[1 × 3 = 3]

[CBSE Marking Scheme 2017]

23. The two incentives used by Sadaf to motivate the employees of her company are :

- (i) **Career Advancement Opportunity :** It means providing an opportunity to employees to improve their skills to be promoted to higher level of jobs.
Appropriate skill development programmes and sound promotion policy provide career advancement opportunity to the employees.
- (ii) **Job Enrichment :** It is concerned with designing jobs that include greater variety of work content and provide the opportunity for personal growth and a meaningful work experience.

[1½ + 1½ = 3]

[CBSE Marking Scheme 2017]

24. Various functions performed by the Stock Exchange are :

- (i) **Providing liquidity and marketability to existing securities** as stock exchange creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.
It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.
- (ii) **Contributes to economic growth** as through process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.
Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.
- (iii) **Safety of transactions** as the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.
Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework.

- (iv) Spreading of equity cult as the stock exchange ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.

Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.

½ mark for quoting the line + ½ mark for the statement

(Any three) [1 × 3 = 3]

[CBSE Marking Scheme 2018]

25.

- (i) He is exercising the Right to be Informed

- (ii) Responsibilities:

- (a) Be aware about the variety of goods and services available
- (b) Ensure quality certification marks
- (c) Use products safety
- (d) Read labels carefully
- (e) Obtain cash memo
- (f) File a complaint when required
- (g) Form consumer organization
- (h) Save the environment
- (i) Get a fair deal

(Any four)

[1+2 = 3]

Section 'C'

26. Management is the process of getting things done with the aim of achieving goals effectively and efficiently. (or any other correct meaning)

Three features that establish it as an art are :

- (i) Existence of theoretical knowledge : As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.
- (ii) Personalised application : Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner. This gives rise to different styles of management.
- (iii) Based on practice and creativity : Management satisfies this criteria as a manager gains experience through regular practice and becomes more effective. [1 + 3 = 4]

[CBSE Marking Scheme 2016]

Answering Tip

- Students should inter relate management with Art while giving answer. Answer should be written to the point.

27. (i) Function of management indicated above as staffing. ½
- (ii) Step of staffing discussed above is Recruitment. ½
- Recruitment : It is defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. ½

- (iii) Sources of recruitment used by :
- (a) Aman – Recommendation by Employees
 - (b) Benu – Advertisement in Newspaper
 - (c) Vaibhav – Campus Recruitment

[1 × 3 = 3]

OR

- (i) Supervision : 'It employees 10 operating managers support to the workers.'
- (ii) Supervision means guiding the efforts of employees and other resources to achieve desired results.
Motivation : 'to pay double wages for working overtime and triple wages for working on holidays'.
- (iii) Motivation means stimulating people to action to accomplish desired goals. [2 + 2 = 4]

[CBSE Marking Scheme 2016]

28. Under the Consumer Protection Act, a consumer is defined as :

- (i) Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for resale or any other commercial purpose.
- (ii) Any person who hires or avails of any service, for a consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment. It includes any beneficiary of services when such services are availed of with the approval of the person concerned, but does not include a person who avails of such services for any commercial purpose. [2 + 2 = 4]

[CBSE Marking Scheme 2019]

Section 'D'

29. Importance of principles of management (Any five) :

- (i) Provide the managers with useful insights into reality.
- (ii) Help in optimum utilisation of resources and effective administration.
- (iii) Help in taking scientific decisions.
- (iv) Help in meeting changing environment requirements.
- (v) Help in fulfilling social responsibility.
- (vi) Used as a basis for management training, education and resource

[1 × 5 = 5]

[CBSE Marking Scheme 2018]

Answering Tip

- Always write proper reading for each point and give precise explanation of the heading written.

Detailed Answer:

Principles of management are broad and general guidelines for managerial decision-making and behaviour of managers.

Importance of Principles of Management :

- (i) **Providing managers with useful insights into reality :** The principles of management provide the managers with useful insights into the real world situations. Adherence to these principles will add to their knowledge, ability and understanding of managerial situations and circumstances. It will also enable managers to learn from the past mistakes and conserve time by solving recurring problems quickly. As such management principles increase managerial efficiency.
- (ii) **Optimum utilization of resources and effective administration :** Both human and material resources, available with the company are limited. They have to be put to optimum use. By optimum use we mean that the resources should be put to use in such a manner that they should give maximum benefit with minimum cost. Principles equip the managers to foresee the cause and effect relationships of their decisions and actions.

As such the wastages associated with a trial-and error approach can be overcome.

- (iii) **Scientific decisions** : Decisions must be based on facts, thoughtful and justifiable in terms of the intended purposes. They must be timely, realistic and subjected to measurement and evaluation. Management principles help in thoughtful decision-making. They emphasize logic rather than blind faith. Management decisions are taken on the basis of principles which are free from bias and prejudice. They are based on the objective assessment of the situation.
- (iv) **Meeting changing environment requirements** : Although the principles are in the nature of general guidelines but they are modified and as such help managers to meet changing requirements of the environment. Management principles are flexible to adapt to a dynamic business environment.
- (v) **Fulfilling social responsibility** : The increased awareness of the public, forces businesses especially limited companies to fulfil their social responsibilities. Management theory and management principles have also evolved in response to these demands. Moreover, the interpretation of the principles also assumes newer and contemporary meanings with the change in time.
- (vi) **Management training, education and research** : Principles of management are at the core of management theory. As such these are used as a basis for management training, education and research. These principles provide basic groundwork for the development of management as a discipline. These principles enable refinement of management practices as well by facilitating the development of new management techniques which have developed due to further research on these principles.

OR

- (i) **Fatigue Study**
 - (a) Fatigue Study determines the amount and frequency of rest intervals in completing task.
 - (b) The rest intervals help the workers to regain stamina and work again with the same capacity resulting in increased productivity.
- (ii) **Differential Piece Wage System**
 - (a) Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.
 - (b) In this plan, there are two piece rates – one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.
 - (c) This acts as an incentive for a less efficient worker to be motivated to perform better.

[2½ + 2½ = 5]

[CBSE Marking Scheme 2019]

30. Delegation is the transfer of the authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.

(or any other relevant explanation).

Importance of Delegation :

- (i) Effective management
- (ii) Employee development
- (iii) Motivation of employees
- (iv) Growth facilitation
- (v) Better coordination
- (vi) Creation of management hierarchy. (Any three)

(If an examinee has not given the headings as above but has explained correctly, no marks may be deducted) [2 + 3 = 5]

[CBSE Marking Scheme 2017]

Detailed Answer :

Delegation : It refers to the downward transfer of authority from a superior to a subordinate.

Importance of delegation :

- (i) **Effective Management :** By delegating routine work to subordinates the managers are able to get more time to concentrate on important matters and excel in new areas efficiently.
- (ii) **Employee Development :** Delegation empowers the employees by providing them the chance to use their skills, gain experience and develop themselves for higher position.
- (iii) **Motivation of employees :** Responsibility for work builds the self-esteem of an employee and improves confidence. He/she feels encouraged and tries to improve his/her performance further.
- (iv) **Facilitation of growth :** Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set unit.
- (v) **Basis of management hierarchy :** Delegation of authority establishes superior-subordinate relationships, which are the basis of managerial hierarchy.
- (vi) **Better coordination :** Clarity in powers, duties and answerability helps in developing and maintaining effective coordination amongst the departments, levels and functions of management.

[2 + 3 = 5]

1. (i) Planning provides direction to organising function.
- (ii) Organising as a process involves following steps :
- (a) **Identification and Division of Work :** The first step in the organising process is identifying and dividing the whole work into manageable activities, so that duplication of work can be avoided and the burden of work can be reduced.
 - (b) **Departmentation :** Departmentation refers to the process of grouping the activities of similar nature under the same department. Departmentalisation can be done on the basis of function, type of product, territory, etc. It facilitates specialisation in an organisation.
 - (c) **Assignment of Duties :** This implies assigning duties to the workers according to their abilities and competencies. For getting best results, a proper match should exist between the nature of work and ability of the individual.
 - (d) **Establishing Reporting Relationships :** Next step is to allocate authority and responsibility among employees in such a way that each person knows who is reporting to whom and for what, etc.

[1 + 1 × 4 = 5]

OR

Function highlighted above = PLANNING

Limitations of Planning :

- (i) **Planning leads to rigidity :** In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. This kind of rigidity in plans may create difficulty. Managers need to be given some flexibility to be able to cope up with the changed circumstances. Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisations interest.
- (ii) **Planning may not work in a dynamic environment :** The business environment is dynamic, consists of a number of dimensions, economic, political, technological, legal and social dimensions. The organisation has to constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity.
- (iii) **Planning reduces creativity :** Planning is an activity which is done by the top management. Usually, the rest of the members just implement these plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Thus, planning, in a way, reduces creativity since people tend to think along the same lines as others. There is nothing new or innovative.

- (iv) **Planning involves huge costs** : When plans are drawn up, huge costs are involved in their formulation. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan.
- (v) **Planning is a time-consuming process** : Some times plans to be drawn up take so much of time that there is not much time left for their implementation.
- (vi) **Planning does not guarantee success** : The success of an enterprise is possible only when plans are properly drawn up and implemented. Any plan needs to be translated into action or it becomes meaningless. Managers tend to rely on previously tried and tested successful plans. It is not always true that just because a plan had worked before, it will work again.

(Any four) [1 + 1 × 4 = 5]

Section 'E'

32. (i) Siyaram Singh is expected to perform following functions :
- (a) Maintaining day to day contact and friendly relations with the workers. He should act as a friend, philosopher and a guide to the workers.
 - (b) Providing good on the job training to the workers to build an efficient team.
 - (c) Building up high morale among workers through good leadership.
 - (d) Giving feedback to the workers after analysing their work and suggesting ways of developing their work skills.
 - (e) Ensuring performance of work according to the targets set.
 - (f) To oversee the efforts of the workforce.
 - (g) To ensure that the quality of output is maintained and work targets are achieved.
- (ii) To ensure safety standards are maintained
incentives provided to Seya Ram Singh are
- (a) Pay and allowances / Financial Incentive
 - (b) Employee Recognition Programmes / Non-financial Incentive.

[1 × 5 + 1 = 6]

[CBSE Marking Scheme 2019]

OR

The communication barrier discussed above is 'lack incentive' which is an example of Personal barrier.

The personal barriers are as follows :

- (i) **Lack of proper incentives** : When there is no motivation or incentive for communication, subordinates may not take initiative to communicate.
- (ii) **Unwillingness to communicate** : Sometimes, the subordinates are not willing to communicate with their superiors because they believe that if information is not correct, it will adversely affect them.
- (iii) **Lack of confidence of superior on his subordinates** : Communication process is hampered when superiors do not have faith or confidence on the competencies of their subordinates. In such cases, superior may not seek advice or opinion of the subordinates.
- (iv) **Fear of challenge to authority** : A superior always aims to maintain a higher position and prestige in the organisation. If he fears that a particular communication may adversely affect his authority, then he may withhold such communication.

[1½ × 4 = 6]

[CBSE Marking Scheme 2014]

33. Overall cost of capital and the financial risk of the enterprise depends upon the following factors :

- | | |
|----------------------|--------------------------------------|
| (i) Cost | (v) Flotation costs |
| (ii) Cost of debt | (vi) Cash flow position |
| (iii) Cost of equity | (vii) Level of fixed operating costs |
| (iv) Risk | (viii) Control |

- | | |
|-----------------------------------|----------------------------|
| (ix) State of the capital market. | (xiii) Tax rate |
| (x) Interest coverage ratio | (xiv) Flexibility |
| (xi) Debt service coverage ratio | (xv) Regulatory framework. |
| (xii) Return on Investment | |

(Any six)

[1 × 6 = 6]

[CBSE Marking Scheme 2019]

Detailed Answer :

The following factors affect the financing decision :

- (i) **Cost of Funds :** Different financial sources have different cost like interest on debt, dividend of shares. A company chooses a source which proves to be the cheapest.
- (ii) **Risk :** From companies point of view debt is more risky than equity. So, company should analyse its financial risk bearing capacity and choose a source accordingly.
- (iii) **Flotation Cost :** Higher the flotation cost of a source, less attractive it appears to the management.
- (iv) **Cash Flow Position :** A stronger cash flow position makes debt financing more viable than funding through equity.
- (v) **Level of Fixed Operating Cost :** If a business has high fixed operating costs (For example, rent, insurance premium etc.), it should opt for less fixed financing cost (interest) by using less debt financing. Similarly, if fixed operating cost is less, more debt financing can be done.
- (vi) **Control Consideration :** Issue of more equity may lead to dilution of management control over the business companies which may afraid them of a takeover bid. So it may prefer debt to equity.
- (vii) **State of Capital Markets :** A depressed capital market makes issue of equity shares difficult and less attractive source of finance in comparison to debt. Similarly, a rising capital market makes equity more viable source of finance than debt.
- (viii) **Return on Investment :** If the ROI for a company is higher, it will use more debt to take advantage of trading on equity.
- (ix) **Tax Rate :** Since interest is a tax deductible expense, a higher tax rate makes debt relatively cheaper and increases its attraction vis-a-vis equity.
- (x) **Flexibility :** If a firm uses its debt potential to the full capacity, it losses flexibility to issue further debt. To maintain flexibility, it must maintain some borrowing power to take care of unforeseen circumstances.
- (xi) **Regulatory Framework :** Different sources of finance have different regulatory framework provided by the law. The relative ease with which these norms can be met has a good effect on the choice of the source of finance. [1 × 6 = 6]

OR

Factors that determine the fixed capital requirement of the company are:

- (i) Nature of business
- (ii) Scale of operations
- (iii) Choice of technique
- (iv) Technology upgradation
- (v) Growth prospects
- (vi) Diversification
- (vii) Financing alternatives
- (viii) Level of collaboration.

(Any six) [CBSE Marking Scheme 2019]

Detailed Answer

- (i) **Nature of business :** as a trading concern needs a lower investment in fixed assets as compared to a manufacturing concern since it doesn't require to purchase the plant and machinery.

- (ii) **Scale of operations** : as a larger organisation operating at a higher scale needs bigger plant and more space and hence higher investment in fixed assets.
- (iii) **Choice of technique** :, as a capital intensive organisation requires higher investment in plant and machinery and thus requires higher fixed capital than a labour intensive organisation.
- (iv) **Technology up gradation** : as industries where assets become obsolete sooner requires higher fixed capital to purchase such assets.
- (v) **Higher growth prospects** : require higher investment in fixed assets to meet anticipated demand quicker
- (vi) **Availability of financing alternatives** : like leasing requires lower investment in fixed assets and hence requires less fixed capital.
- (vii) **Collaboration** : reduces the level of investment in fixed assets. [1 × 6 = 6]

4. Functions performed by the Consumer Voice for the protection and promotion of consumer interest :

- (i) **Educating the general public about consumer rights by organising training programmes, seminars and workshops.**
'Organised consumer workshops in the months of December in Delhi/ NCR on the theme, of 'Organic Food – From Farm to Plate', as a part of its initiative to spread awareness on the importance of organic farming'
- (ii) **Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.**
'The results of the tests are published in their monthly magazine 'Consumer Voice' to make people aware of quality of different products'
- (iii) **Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.**
'People were informed that the organisation regularly tests samples to detect adulteration like presence of heavy metals or pesticides'
- (iv) **Providing legal assistance to consumers by the way of providing aid, legal advice etc. in seeking legal remedy.**
'It also provides aid and legal advice to the consumers in seeking a remedy' [1½ × 2 = 6]

[CBSE Marking Scheme 2019]

