Series OSR/C

कोड नं. **66/2**
Code No.

रोल नं.
Roll No.

परीक्षार्थी कोड को उत्तर–पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें ।
Candidates must write the Code on the title page of the answer-book.

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **8** हैं ।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए कोड नम्बर को छात्र उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें ।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **30** प्रश्न हैं ।
- **कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, प्रश्न का क्रमांक अवश्य लिखें ।**
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा । 10.15 बजे से 10.30 बजे तक छात्र केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।
- Please check that this question paper contains **8** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **30** 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 question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

व्यावसायिक अध्ययन

BUSINESS STUDIES

निर्धारित समय : 3 घण्टे *अधिकतम अंक : 90*

Time allowed : 3 hours *Maximum Marks : 90*

सामान्य निर्देश :

(i) ***1*** *अंक वाले प्रश्नों के उत्तर* ***एक शब्द*** *से* ***एक वाक्य*** *तक हों ।*

(ii) ***3*** *अंकों वाले प्रश्नों के उत्तर* ***50 – 75*** *शब्दों के हों ।*

(iii) ***4 – 5*** *अंकों वाले प्रश्नों के उत्तर लगभग* ***150*** *शब्दों के हों ।*

(iv) ***6*** *अंकों वाले प्रश्नों के उत्तर लगभग* ***200*** *शब्दों के हों ।*

(v) एक प्रश्न के सभी भाग साथ-साथ ही हल कीजिए ।

General Instructions :

(i) Answers to questions carrying ***1*** *mark may be from* ***one word*** *to* ***one sentence****.*

(ii) Answers to questions carrying ***3*** *marks may be from* ***50 – 75*** *words.*

(iii) Answers to questions carrying ***4 – 5*** *marks may be about* ***150*** *words.*

(iv) Answers to questions carrying ***6*** *marks may be about* ***200*** *words.*

(v) Attempt all parts of a question together.

1. 'उपभोक्ता का एक अधिकार है ज्ञान प्राप्त करना तथा जीवनपर्यन्त एक अच्छा अवगत उपभोक्ता बने रहना ।'

उपरोक्त उल्लिखित 'अधिकार' में उपभोक्ता को किस प्रकार के ज्ञान की आवश्यकता है, उल्लेख कीजिए । *1*

'The consumer has a right to acquire knowledge and to be a well informed consumer throughout life.'

State what type of knowledge is required by the consumer in the above stated 'Right'.

2. किस प्रकार के उत्पादों पर ISI चिह्न का प्रयोग किया जाता है ? *1*

On which type of products is ISI mark used ?

3. नियंत्रण की प्रक्रिया में 'अपवाद द्वारा प्रबन्ध' से क्या अभिप्राय है ? *1*

What is meant by 'Management by Exception' in the process of controlling ?

4. गैर-वित्तीय प्रोत्साहन के रूप में 'कर्मचारी पहचान' के कोई दो उदाहरण दीजिए । *1*

Give any two examples of 'Employee Recognition' as a non-financial incentive.

5. निर्देशन क्रिया को कैसे प्रारंभ करता है ? उल्लेख कीजिए । *1*

How does directing initiate action ? State.

6. नियुक्तिकरण किस प्रकार कर्मचारियों की कार्य संतुष्टि एवं मनोबल में सुधार करता है ? उल्लेख कीजिए । *1*

How does staffing improve job satisfaction and morale of employees ? State.

7. 'औपचारिक संगठन' से क्या अभिप्राय है ? *1*

What is meant by 'formal organisation' ?

8. 'रचना' के आधार पर कार्यात्मक संगठन तथा प्रभागीय संगठन में अन्तर कीजिए । *1*

Distinguish between functional structure and divisional structure on the basis of 'formation'.

9. नियोजन के उस प्रकार का नाम बताइए जो सामान्य कथनों के रूप में होती है, विचारों को एक विशिष्ट दिशा की ओर निर्देशित करती है और दैनिक समस्याओं के समाधान में सहायता करती है । *1*

Name the type of plan which is in the form of general statements, that guides thinking towards a particular direction and helps in solving routine problems.

10. 'पहले से यह निश्चिय करना कि क्या करना है तथा कैसे करना है प्रबंध के आधारभूत कार्यों में से एक है ।' इस कार्य का अर्थ बताइए । *1*

'Deciding in advance what to do and how to do is one of the basic management functions.' Give the meaning of this function.

11. यह क्यों कहा जाता है कि व्यावसायिक पर्यावरण अनिश्चित होता है ? *1*

Why is it said that business environment is uncertain ?

12. प्रबंध के उस स्तर का नाम दीजिए जो संगठन के कल्याण एवं निरंतरता के लिए उत्तरदायी होता है । *1*

Name the level of management that is responsible for the welfare and survival of the organisation.

13. 'यदि आप दीर्घ-अवधि के लिए एक सफल उद्यम चाहते हैं तो आप एक विक्रय को बंद नहीं करते अपितु एक सम्बन्ध को जोड़ते हैं ।' विपणनकर्ता द्वारा प्रयोग में लाई गई सम्प्रेषण तकनीक को पहचानिए । इस सम्प्रेषण तकनीक की किन्हीं दो विशेषताओं का भी उल्लेख कीजिए । *3*

'You don't close a sale, you open a relationship, if you want to build a long-term successful enterprise.' Identify the communication tool used by the marketer. State any two features of this communication tool.

14. मुद्रा बाज़ार के निम्नलिखित प्रपत्रों का अर्थ बताइए : *3*

(i) द्रव्य बाज़ार प्रपत्र; तथा

(ii) शीघ्रावधि द्रव्य ।

Give the meaning of the following money market instruments :

(i) Treasury Bill; and

(ii) Call Money.

15. 'निवेश निर्णय' एवं 'लाभांश निर्णय' का अर्थ बताइए । *3*

Give the meaning of 'Investment decision' and 'Dividend decision'.

16. वित्तीय प्रबंध का प्राथमिक उद्देश्य 'धन को अधिकतम करना' है । समझाइए । *3*

'Wealth-maximisation' is the primary objective of financial management. Explain.

17. प्लास्टिक फाइलों एवं फोल्डरों के प्रयोग को कम करने के लिए टेल्को लिमिटेड पुराने कपड़ों से फाइलें एवं फोल्डर बना रही है । इसके लिए उन्होंने पास के ऐसे गाँवों से लोगों को काम पर नियुक्त किया जहाँ बहुत कम काम के अवसर उपलब्ध हैं । एक कर्मचारी हरीश ने लागत को कम करने की एक योजना की रूपरेखा बनाई जिसे उत्पादन प्रबन्धक ने अभिनन्दित नहीं किया । एक और कर्मचारी ने डिज़ाइन में सुधार के लिए कुछ सुझाव दिए लेकिन उत्पादन प्रबंधक द्वारा इसकी भी प्रशंसा नहीं की गई ।

(a) उपरोक्त अनुच्छेद में वर्णित प्रबंध के सिद्धान्त का उल्लेख कीजिए ।

(b) ऐसे दो मूल्यों को पहचानिए जो कम्पनी समाज को सम्प्रेषित करना चाहती है । *3*

Telco Ltd. is manufacturing files and folders from the old clothes to discourage use of plastic files and folers. For this they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.

(a) State the principle of management described in the above para.

(b) Identify any two values that the company wants to communicate to the society.

18. पवन सी एफ एल लिमिटेड में 'उत्पादन प्रबन्धक' के रूप में कार्य कर रहा है जो सी एफ एल बल्ब बनाने का कार्य करती है । प्रबन्धकों व कर्मचारियों के बीच वहाँ कोई वर्ग भेद नहीं है । कार्य की दशाएँ बहुत ही अच्छी हैं । कम्पनी अत्यधिक लाभ अर्जित कर रही है । अपनी नीतियों के अनुसार प्रबन्धक लाभों का बँटवारा कर्मचारियों के साथ कर रहे हैं क्योंकि उनका विश्वास है कि कर्मचारियों की समृद्धि के बिना कम्पनी की समृद्धि लम्बे समय तक नहीं चल सकती ।

(a) उपरोक्त अनुच्छेद में वर्णित प्रबन्ध के सिद्धान्त का उल्लेख कीजिए ।

(b) किन्हीं दो मूल्यों को पहचानिए जो कम्पनी समाज को सम्प्रेषित करना चाहती है । *3*

Pawan is working as a 'Production Manager' in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class-conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.

(a) State the principle of management described in the above para.

(b) Identify any two values which the company wants to communicate to the society.

19. 'समन्वय' से क्या अभिप्राय है ? एक संगठन के लिए समन्वय क्यों महत्त्वपूर्ण है ? समझाइए । *4*

What is meant by 'coordination' ? Explain why coordination is important in an organisation.

20. व्यावसायिक पर्यावरण की किन्हीं चार विशेषताओं का वर्णन कीजिए । *4*

Explain any four features of business environment.

21. 'नियोजन प्रक्रिया में कुछ निश्चित तार्किक सोपान होते हैं ।' इस प्रक्रिया के प्रथम चार सोपानों को समझाइए । *4*

'Process of planning involves certain logical steps.' Explain the first four steps of this process.

22. किन्हीं चार बिन्दुओं की सहायता से उल्लिखित कीजिए कि एक व्यवसाय के लिए उपभोक्ता संरक्षण पर जोर देना क्यों आवश्यक है । *4*

State with the help of any four points why it is important for a business to lay emphasis on consumer protection.

23. भर्ती के आंतरिक स्रोतों के महत्त्व का उल्लेख कीजिए । *5*

State the importance of the internal sources of recruitment.

24. नियंत्रण प्रक्रिया में निहित विभिन्न चरणों को समझाइए । *5*

Explain the various steps involved in the process of control.

25. 'पूँजी बाज़ार' से क्या अभिप्राय है ? पूँजी बाज़ार के दो प्रकारों का नाम बताते हुए किन्हीं चार आधारों पर उनमें अन्तर्भेद कीजिए । *5*

What is meant by 'Capital Market' ? Name the two types of capital market and differentiate between the two on any four basis.

26. वितरण माध्यम के चयन को प्रभावित करने वाले कारकों का उल्लेख कीजिए । *5*

State the factors determining the choice of channels of distribution.

27. उत्पादों तथा सेवाओं के प्रवर्तन में 'जन संपर्क' की भूमिका का वर्णन कीजिए । *6*

अथवा

विपणन मिश्र के चार महत्त्वपूर्ण तत्त्वों को समझाइए ।

Describe the role of 'Public Relations' in the promotion of products and services.

OR

Explain the four important elements of marketing mix.

28. समझाइए कि एक व्यवसाय की कार्यशील पूँजी आवश्यकताओं को निम्नलिखित कारक किस प्रकार प्रभावित करते हैं : *6*

(i) मुद्रा स्फीति;

(ii) व्यावसायिक चक्र;

(iii) प्रतिस्पर्धा का स्तर; तथा

(iv) व्यवसाय की प्रकृति ।

अथवा

एक कम्पनी की पूँजी संरचना के चयन को प्रभावित करने वाले किन्हीं चार कारकों को समझाइए ।

Explain how the following factors affect the working capital requirements of a business :

(i) Inflation;

(ii) Business cycle;

(iii) Level of competition; and

(iv) Nature of business.

OR

Explain any four factors affecting the choice of capital structure of a company.

29. 'प्रभावी प्रबंध' तथा 'कर्मचारियों का विकास' के अतिरिक्त, अंतरण संगठन की विभिन्न तरीकों से सहायता करता है । ऐसे किन्हीं चार तरीकों का वर्णन कीजिए । *6*

अथवा

'विकेन्द्रीकरण एक महत्त्वपूर्ण मान्यता है तथा केवल चुनिन्दा अधिकारों के अंतरण में ही अपनाई जाती है ।' इस कथन के संदर्भ में विकेन्द्रीकरण के महत्त्व के किन्हीं चार बिन्दुओं का वर्णन कीजिए ।

Besides 'Effective management' and 'Employee development' delegation helps the organisation in different ways. Explain any four such ways.

OR

'Decentralisation is an important philosophy that implies selective dispersal of authority.' In the light of this statement, explain any four points of importance of decentralisation.

30. 'किसी संस्था के लिए पर्यवेक्षक का कार्य तथा निष्पादन अत्यंत महत्त्वपूर्ण है क्योंकि वह प्रत्यक्ष रूप से श्रमिकों के साथ जुड़ा हुआ है जबकि अन्य प्रबंधकों का निचले स्तर पर कार्य कर रहे कर्मचारियों के साथ कोई प्रत्यक्ष संपर्क नहीं होता ।' इस कथन के संदर्भ में एक पर्यवेक्षक के किन्हीं चार कार्यों का वर्णन कीजिए । *6*

अथवा

प्रभावी संप्रेषण की व्यक्तिगत बाधाओं का वर्णन कीजिए ।

'The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.' In the light of this statement, explain any four functions of a supervisor.

OR

Describe personal barriers to effective communication.

66/1	66/2	66/3	MARKING SCHEME – 2013-14 BUSINESS STUDIES OUTSIDE DELHI COMPTT– 66/2 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION OF MARKS
12	**1**	**6**	**Q. 'The consumer has the right to acquire knowledge and to be a well informed consumer throughout life.' State what type of knowledge is required by the consumer in the above stated 'Right'.** **Ans.** In the above stated right, i.e. Right to Consumer Education, a consumer should know about the rights and reliefs available to him in case a product or service falls short of his expectations.	**1 mark**
11	**2**	**5**	**Q. On which type of products is ISI mark used?** **Ans**. Electrical goods.	**1 mark**
10	**3**	**4**	**Q. What is meant by 'Management by Exception' in the process of controlling?** **Ans.** Management by Exception in the process of controlling means that only significant deviations which go beyond the permissible limit should be brought to the notice of the management. **OR** Management by Exception in the process of controlling means that an attempt to control everything results in controlling nothing.	**1 mark**
9	**4**	**3**	**Q. Give any two examples of 'Employee Recognition' as a non financial incentive.** **Ans.** Examples of 'Employee Recognition' as a non financial incentive are: (i) Congratulating the employee for good performance. (ii) Installing award or certificate for best performance. (iii) Displaying on the notice board or in the newsletter about the achievement of the employee. (iv) Distributing momentos or complimentaries in recognition of employee's services. (v) Rewarding an employee for valuable suggestions. **(or any other correct example)** **(or any other correct example)**	**½ x 2** **=1 mark**
8	**5**	**2**	**Q. How does directing initiate action? State.** **Ans.** Other functions prepare a setting for action, directing implements it in the organisation.	**1 mark**
7	**6**	**1**	**Q. How does staffing improve job satisfaction and morale of employees? State.** **Ans**. Staffing improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.	**1 mark**

6	**7**	**12**	**Q. What is meant by 'formal organisation'?** **Ans.** Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task. **(or any other correct definition)**	**1 mark**
5	**8**	**11**	**Q. Distinguish between functional structure and divisional structure on the basis of 'formation'.** **Ans.** Functional structure is formed on the basis of functions while divisional structure is formed on the basis of product lines supported by functions.	**1 mark**
4	**9**	**10**	**Q. Name the type of plan which is in the form of general statements, that guides thinking towards a particular direction and helps in solving routine problems.** **Ans.** Policy	**1 mark**
3	**10**	**9**	**Q. 'Deciding in advance what to do and how to do is one of the basic management functions.' Give the meaning of this function.** **Ans.** Planning is the function being referred to. Planning means setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available. **(or any other correct meaning)**	**1 mark**
2	**11**	**8**	**Q. Why is it said that business environment is uncertain?** **Ans.** It is said that business environment is uncertain because it is difficult to predict future happenings especially when environment changes are taking place too frequently.	**1 mark**
1	**12**	**7**	**Q. Name the level of management that is responsible for the welfare and survival of the organisation.** **Ans.** Top level.	**1 mark**
18	**13**	**15**	**Q. 'You don't close a sale, you open a relationship, if you want to build a long term successful enterprise.' Identify the communication tool used by the marketer. State any two features of this communication tool.** **Ans.** Personal selling. Features of personal selling are: (i) It involves a direct face to face dialogue. (ii) It allows salespersons to develop personal relationships with prospective customers.	**1 mark for identification** **+** **1 mark for each statement** **=1x2** **2 marks** **=1+2** **3marks**
17	**14**	**13**	**Q. Give the meaning of the following money market instruments:** **(i) Treasury bill; and** **(ii) Call money.**	**1 ½ + 1 ½** **=**

			Ans. (i) Treasury bill It is an instrument issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default. **(b)** Call Money It is the method by which banks borrow from each other to be able to maintain the cash reserve ratio. It is repayable on demand, with a maturity period of one day to fifteen days.	**3 marks**
16	**15**	**18**	**Q. Give the meaning of 'Investment decision' and 'Dividend decision'.** **Ans.** Investment decision involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors. Dividend decision involves deciding about how much of profit earned by the company is to be distributed to the shareholders and how much of it should be retained in the business.	**1 ½ + 1 ½ =** **3 marks**
15	**16**	**14**	**Q. 'Wealth maximization' is the primary objective of financial management. Explain.** **Ans. Wealth maximisation** is the primary objective of financial management which means maximising the market value of investment in the shares of the company. It is possible only by: (i) Ensuring availability of sufficient funds at reasonable cost. (ii) Ensuring effective utilization of funds. (iii) Ensuring safety of funds by creating reserves, re-investment of profits etc.	**3 marks**
14	**17**	**17**	**Q. Telco Ltd. is manufacturing files and folders from old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.** **(a) State the principle of management described in the above para.** **(b) Identify any two values that the company wants to communicate to the society.** **Ans. (a)** Initiative. It means eagerness to initiate action without being asked to do so. (b) Values which the company wants to communicate to the	**½ mark for identifi cation + ½ mark for the statement = ½ + ½ = 1 mark + 1 mark for each value = 1 x 2 =2marks = 1+2 3marks**

			society are: (i) Sensitivity towards the environment. (ii) Creation of job opportunities. (iii) Development of backward regions. **(or any other correct value)**	
13	**18**	**16**	**Q. Pawan is working as a 'production manager' in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.** **(a) State the principle of management described in the above para.** **(b) Identify any two values which the company wants to communicate to the society.** **Ans.** (a) Harmony not discord which advocates that there should be complete harmony between management and the workers. To achieve this, Taylor called for a complete mental revolution on the part of both management and workers. (b) Values which the company wants to communicate to the society are: (i) Sensitivity towards the environment. (ii) Good behaviour in human interaction. **(or any other correct value)**	**½ mark for identifi cation** **+** **½ mark for the statement** **= ½ + ½** **= 1 mark** **+** **1 mark for each value** **= 1 x 2** **=2marks** **= 1+2** **3marks**
-	**19**	**-**	**Q. What is meant by 'coordination'? Explain why coordination is important in an organization.** **Ans.** Meaning of Coordination Coordination is the process by which activities of different departments are synchronized to ensure unity of action. **(or any other correct meaning)** Importance of Coordination: (i) Growth in size (ii) Functional Differentiation (iii) Specialisation (**If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)**	**1 mark** **+** **½ mark for naming** **+** **½ mark for explanation** **= 1 x 3** **=1+3** **=4 Marks**
-	**20**	**-**	**Q. Explain any four features of business environment.** **Ans.** Features of business environment(Any four)**:** (i) Sum total of external forces (ii) Includes Specific and General forces	**½ mark for**

			(iii) Inter-related forces (iv) Dynamic (v) Uncertain (vi) Complex (vii) Relative (**If an examinee has not given the headings as above but has given the correct explanations, full credit should be given**)	**naming** **+** **½ mark for explanation** **= 1 x 4** **=4 Marks**
-	**21**	**-**	**Q. ' Process of planning involves certain logical steps.' Explain the first four steps of this process.** **Ans.** Steps in the process of planning: (i) Setting objectives (ii) Developing premises (iii) Identifying alternative courses of action (iv) Evaluating alternative courses (**If an examinee has not given the headings as above but has given the correct explanations, full credit should be given**)	**½ mark for naming each step** **+** **½ mark for explanation** **= 1 x 4** **=4 Marks**
-	**22**	**-**	**Q. State with the help of any four points why it is important for a business to lay emphasis on consumer protection.** **Ans.** It is important for a business to lay emphasis on consumer protection because: **(Any four)** (i) It is in the long-term interest of business to satisfy their customers. (ii) It is because the business uses society's resources and thus has a responsibility to supply products or services which are in public interest. (iii) It is because the business has social responsibility towards various interest groups. (iv) It is the moral duty of a business to take care of customer's interest and avoid their exploitation.. (v) It is required to avoid government intervention. (**If an examinee has not given the headings as above but has given the correct explanations, full credit should be given**)	**1 x 4** **=** **4 marks**
-	**23**	**-**	**Q. State the importance of the internal sources of recruitment.** **Ans.** Importance of the internal sources of recruitment(any five): (a) Motivates employees as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation. (b) Simplifies the process of selection as the candidates are already known to the organisation. (c) No need for induction training as the employees are	**1 x 5** **=** **5 marks**

<table>
<tr><td></td><td></td><td></td><td>already familiar with the organisation.
(d) Helps in <u>adjustment of surplus staff</u> in those departments where there is shortage of staff.
(e) E<u>conomical source</u> of recruitment.
(If an examinee has given only the headings, ½ mark for each heading should be awarded)</td><td></td></tr>
<tr><td>-</td><td>24</td><td>-</td><td>Q. Explain the various steps involved in the process of control.
Ans. <u>Steps involved in the process of control:</u>
(i) Setting performance standards
(ii) Measuring actual performance
(iii) Comparing actual performance with standards
(iv) Analysing deviations
• Critical Point Control
• Management by Exception
(v) Taking corrective action
(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</td><td>½ mark for the heading + ½ mark for the explanation = 1 x5 =5marks</td></tr>
<tr><td>-</td><td>25</td><td>-</td><td>Q. What is meant by ‘Capital Market’? Name the two types of capital market and differentiate between the two on any four basis.
Ans. <u>Meaning of Capital Market</u>
Capital Market means the facilities and institutional arrangements through which long term funds, both debt and equity, are raised and invested.

<u>Types of Capital market</u> : Primary market and Secondary market.

<u>Difference between Primary market and Secondary market(any four):</u>
<table>
<tr><th>Basis</th><th>Primary Market (New Issue Market)</th><th>Secondary Market (Stock Exchange)</th></tr>
<tr><td>Securities traded</td><td>There is sale of securities by new companies or further (new) issues of securities by existing companies to investors.</td><td>There is trading of existing securities only.</td></tr>
<tr><td>Purpose</td><td>Securities are sold by the company to the investor directly (or through an intermediary)</td><td>Ownership of existing securities is exchanged between investors. The company is not involved at all.</td></tr>
<tr><td>Capital formation</td><td>The flow of funds is from savers to investors, i.e. the primary market</td><td>Enhances encashability (liquidity) of securities, i.e. the secondary market</td></tr>
</table></td><td>½ mark for the meaning + ½ mark for two types of capital market + 1 mark for each correct point of difference =1 x 4 = 4 marks

= ½ + ½ + 4</td></tr>
</table>

				directly promotes capital formation.	indirectly promotes capital formation.	= **5marks**
				Buying/ selling	Only buying of securities takes place in the primary market. Securities cannot be sold by the investors.	Both the buying and the selling of securities can take place on the stock exchange.
				Price determination	Prices are determined and decided by the management of the company.	Prices are determined by demand and supply for the security.
				Location	There is no fixed geographical location.	Located at specified places.
-	**26**	**-**	**Q. State the factors determining the choice of channels of distribution**. **Ans**. Factors determining the choice of channels of distribution: **(i) Product related factors** include nature of the product, perishability, unit value and degree of complexity of the product. **(ii) Company related factors** include financial strength of the company and degree of control of the company on channel members. **(iii) Competitive factors** include the policy of the company to go with or be different from the choice of channel selected by the competitors. **(iv) Market related factors** include size of market, geographical concentration of potential buyers and quantity purchased. **(v) Environmental factors** include prevailing economic conditions and legal constraints. (**If an examinee has given only the heading, ½ mark for the heading should be awarded**)			**1x5** **=** **5marks**
30	**27**	**28**	**Q. Describe the role of 'Public Relations' in the promotion of products and services.** **Ans.** Role of Public Relations in the promotion of products and services: **(Any four)** (i) Press Relations. (ii) Product Publicity. (iii) Corporate Communication. (iv) Lobbying. (v) Counselling. (**If an examinee has not given the headings but has given the correct explanation, full credit should be given)** **OR**			**½ mark for each heading + 1 mark for each explanation = 1 ½ x 4 = 6marks**

			Role of Public Relations in the promotion of products and services: (i) Smooth functioning of business. (ii) Image building. (iii) Launching new products. (iv) Helps in facing adverse publicity. (v) Supplement to advertising. (vi) Satisfying interest of different public groups. **(If an examinee has not given the headings but has given the correct explanation, full credit should be given)** **OR** **Q. Explain the four important elements of marketing mix.** **Ans.** The four important elements of marketing mix are: (i) Product mix (ii) Price mix, (iii) Place mix, and (iv) Promotion mix. **1. Product Mix:** Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers. It includes branding, labelling, trademark and packaging. **2. Price Mix:** Price Mix involves different Pricing Methods, Pricing strategies, Pricing Policies and Price Changes. **3. Place Mix:** Place or Physical Distribution mix includes activities that make firm's products available to the target customers. It consists of all the activities involved in transferring ownership and physical possession of the product to the consumers. **4. Promotion Mix:** Promotion mix consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.	**OR** **½ mark for each heading** **+** **1 mark for each explanation** **= 1 ½ x 4** **=** **6marks.**
29	**28**	**27**	**Q. Explain how the following factors affect the working capital requirements of a business:** **(i) Inflation** **(ii) Business cycle** **(iii) Level of competition; and** **(iv) Nature of business** **Ans**. Factors affecting the requirements of working capital:	

			(i) Inflation During inflation, larger working capital is required to maintain a constant volume of production and sales. (ii) Business cycle In case of boom, larger working capital is required as the sales and production are more. (iii) Level of competition Higher competition requires larger stocks to meet urgent orders from customers and thus higher working capital. (iv) Nature of business Trading organisations require lesser working capital than manufacturing organisations as there is no processing involved; service industries require the least working capital as they do not have to maintain inventory. **OR** **Q. Explain any four factors affecting the choice of capital structure of a company:** **Ans.** **Ans.** Following are the factors affecting the choice of capital structure of a company: **(any four)** 1. Cash flow position 2. Interest coverage ratio 3. Debt service coverage Ratio 4. Return on Investment 5. Cost of debt 6. Tax rate 7. Cost of equity 8. Floatation costs 9. Cost 10. Fixed operating costs 11. Risk consideration 12. Flexibility 13. Control 14. Regulatory framework 15. Stock market conditions 16. Capital structure of other companies **(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)**	**1 ½ x 4 = 6 marks** **OR** **½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks**
27	**29**	**29**	**Q. Besides 'Effective management' and 'Employee development', delegation helps the organisation in different ways. Explain any four such ways.**	**½ mark for heading + 1 mark**

			Ans. Besides 'Effective management' and 'Employee development', delegation helps the organisation in: (i) Motivation of employees. (ii) Facilitation of growth. (iii) Better co-ordination. (iv) Creation of management hierarchy. (**if an examinee has not given the headings as above but has given the correct explanation, full credit should be given**) **Or** **Q. 'Decentralisation is an important philosophy that implies selective dispersal of authority.' In the light of this statement, explain any four points of importance of decentralization.** **Ans.** Decentralisation is an important philosophy that implies selective dispersal of authority. In the light of this statement, decentralization is important as it: (**Any four)** (i) Develops initiative amongst subordinates. (ii) Develops managerial talent for the future. (iii) Leads to quick decision making. (iv) Gives relief to top management. (v) Facilitates growth. (vi) Facilitates better control. **(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given**)	**for explanation = 1 ½ x 4 = 6marks** **OR** **½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks**
28	**30**	**30**	**Q. 'The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.' In the light of this statement, explain any four functions of a supervisor.** **Ans**. The functions and performance of the supervisor are vital to an organisation because he: **(Any four)** (i) Maintains day to day contact. (ii) Links the workers and the management. (iii) Helps in maintaining group unity. (iv) Ensures performance of work. (v) Provides on the job training. (vi) Builds high morale amongst the workers. (vii) Gives feedback. **(If an examinee has not given the headings as above but has given the correct explanation, no marks should be deducted)**	**½ mark for heading + 1 mark for explanation = 1 ½ x 4 = 6marks** **OR**

			OR **Q. Describe personal barriers to effective communication.** **Ans.** Personal barriers to effective communication are: (i) Fear of challenge to authority. (ii) Lack of confidence of superior on his subordinates. (iii) Unwillingness to communicate. (iv) Lack of proper incentives.	**½ mark for each heading** **+** **1 mark for each explanation** **=** **1 ½ x 4** **=** **6 marks**