

# **Business Studies**

## **Question Paper 2013**

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**Maximum Marks: 80**  
**Time allowed: Three hours**

- Candidates are allowed additional 15 minutes for only reading the paper. They must NOT start writing during this time.
  - Answer Question 1 (Compulsory) from Part I and five questions from Part II, choosing two questions from Section A, two questions from Section B and one question from either Section A or Section B.
  - The intended marks for questions or parts of questions are given in brackets [ ].
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### **Part-I** **(Answer all questions)**

#### **Question 1.**

Answer briefly each of the questions (i) to (xv).

- (i) Explain the importance of campus recruitment as one of the sources of recruitment.
- (ii) Why is a disciplinary interview conducted?
- (iii) State the significance of conducting refresher training.
- (iv) What is the importance of team work in the successful functioning of an organization?
- (v) Define remuneration. What is meant by incentives in the context of remuneration?
- (vi) What is a time card ? State any one benefit of a time card to the organization using it.
- (vii) What is meant by open promotion system and closed promotion system?
- (viii) State any two essential requirements of a fair staff dismissal procedure.
- (ix) Explain any two limitations of recruitment interview.
- (x) Define report.
- (xi) What is a note of dissent ?
- (xii) As per the Companies Act 1956, how frequently should a Company hold Board Meetings in a year ?
- (xiii) State any two limitations of visual communication.
- (xiv) Give any two advantages of using post boxes /post bags while receiving mail through a Post Office.
- (xv) With reference of postal remittances, expand the following:
  - (a) T.M.O
  - (b) VP.P

**Answer:****(i) Importance of Campus Recruitment:**

The companies will be benefited from getting wide choice of candidates to select for different job posts. Companies can select the right and talented candidate from a vast pool of young applicants within a limited time. On the other hand, students have the advantage of getting a good job according to their qualification level even before the completion of their academic course in college.

Campus recruitment helps in saving time and efforts of the companies. The entire campus recruitment process from a college is not a tedious toil. It prevents the occurrence of unusual expenditures related to recruitment process such as advertisement, initial screening, and final selection procedures etc. This in turn turns to be useful in reduced manpower effort and time as well.

(ii) Disciplinary interview is conducted for an employee in connection with alleged misconduct. It is essential to have a fair procedure in place and to follow it consistently. Before the interview occurs, the employer should investigate the matter promptly and thoroughly and review the available evidence.

**(iii) Significance of Refresher Training**

- To keep pace with the new technologies.
- To become the beneficiaries of the current innovations.
- To get the best out of your people.
- To update with the latest trends.
- To bridge the gap between a millennial and a boomer.

(iv) Team work is essential in organizations for better output and a better bonding among employees.

- Tasks are accomplished at a faster pace when it is done by a team rather than an individual.
- There is always a healthy competition among the team members.

(v) Remuneration is the pay or compensation that one receives for a service. It is a reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, pension plan), bonuses, cash incentives, and monetary value of the non-cash incentives.

An incentive is an object, item of value, or desired action or event that spurs an employee to do more of whatever was encouraged by the employer through the chosen

incentive. Recognition incentives, reward incentives, appreciation incentives are the main forms of incentives.

(vi) Time card is a card for recording the time at which an employee arrives at and departs from a job. The major benefit of time card to the organization is that there remains punctuality in attendance of the employees and through this card, total number of hours worked per day is ; arrived at.

(vii) Open Promotion System: A promotion system in which available jobs and their requirements are posted on an employee bulletin board and in which all qualified employees are free to apply for the available positions.

Closed Promotion System: A promotion system in which managers decide which workers will be considered for a promotion.

(viii) Fair warning to terminate an employee Every employee should be given the chance to reach the standards you set and be given a fair hearing. Your HR policy should set fair and clear procedures for discipline and dismissal. Use our HR manual template to set up your policy. Required notice period.

This varies depending on how long they have worked for the business. You may also choose to pay 'payment in lieu of notice' (money equal to the wages for the notice period) if you would like the employee to stop working immediately or before the end of the notice period.

(ix) Limitations of Recruitment Interview

- Some applicants may feel uncomfortable during personal interviews, causing them to forget key points about themselves or give a bad impression.
- Finally, interviews rely on the interviewer's own sense of judgement and don't guarantee the best outcome.

(x) A report is a document containing information organized in a narrative, graphic, or tabular form prepared on adhoc, periodic, recurring, regular, or as required basis. Reports may refer to specific periods, events, occurrences, or subjects, and may be communicated or presented in oral o written form.

(xi) A note of dissent is an expression of an opinion different from a prevailing or official position disagree.

(xii) Frequency of Meeting : Section 173 of the Act deals with Meetings of the Board and Section 174 deals with quorum.

The Act provides that the first Board meeting should be held within thirty days of the date of incorporation.

In addition to the first meeting to be held within thirty days of the date of incorporation, there shall be minimum of four Board meetings every year and not more than one hundred and twenty days shall intervene between two consecutive Board meetings.

In case of One Person Company (OPC). small company and dormant company, at least one Board meeting should be conducted in each half of the calendar year and the gap between two meetings should not be less than Ninety days.

(xiii) Limitations of Visual Communication:

Costly : The visual methods of communication are more costly than those of other methods. To draw maps, charts, diagram is costly. That is why only large company or organization can use this technique.

Complex presentation : Sometimes visual presentation of information becomes complex. The receivers cannot understand the meaning of the presentation.

(xiv) Advantages of using Post Boxes/Post Bags:

- Customers may get their mail at the post office through Post Boxes which are rented out by the post office.
- All fully prepaid unregistered articles addressed to the customer will be placed inside the Post Box/Bag and handed over to the customer during the business hours prescribed for window delivery.

(xv) TMO – Telegraphic Money Order

VPP – Value Payable Post

## **Part – II**

### **(Answer any five questions)**

#### **Question 2.**

(a) What is meant by piece rate system of wage payment? State and justify two distinct situations where its use is advisable.

(b) Explain any four differences between Halsey and Rowan plans of wage incentive.

**Answer:**

(a) When wages are paid on that basis of the output of the workers without considering the time taken in performing work, it is termed as piece wage. Thus under this system, the workers are paid on the basis of quantity of work done, i. e. s, per unit of output, per article, per job, commodity, etc. For computing total remuneration of workers, a predetermined rate unit of output is multiplied by the total units produced. The rate is fixed with the of time and motion studies. The formula for wage computation under this system is:

Wages = Number of units produced × Rate of wage per unit

Suitability of Piece Rate System Piece rate system of payment of wages is considered suitable:

- Where the quantity of work done can be precisely measured and standardized,
- Where the work is of repetitive nature.
- Where it is possible to fix a fair and acceptable piece rate.
- Where the productivity is closely related to skill and efforts.

(b)

	<b>Halsey Plan</b>	<b>Rowan Plan</b>
<b>Bonus</b>	Under Halsey plan the bonus increases steadily with increase in efficiency.	In Rowan plan the bonus increases up to a certain point and starts declining thereafter. Rowan plan provides better bonus than Halsey plan till the work is completed in half the standard time.
<b>Quality of Work</b>	The quality of work is affected much under Halsey plan as the bonus increases steadily with increased work that makes the workers rush.	The quality of work is not affected much under Rowan plan as the bonus increases at a decreasing rate at higher levels of efficiency and the workers do not prefer to rush work.
<b>Simplicity</b>	It is simple to understand and calculate wages.	Difficult to understand.
<b>Motivational</b>	Motivates the employees.	Discourages the workers.
<b>Overspeeding</b>	No check on overspeeding	Overspeeding is avoided.
<b>Overpayment</b>	There is a danger of overpayment.	No danger for overpayment.

**Question 3.**

- (a) Explain any three advantages and any three disadvantages of 'merit based promotion.
- (b) Discuss any four purposes of conducting staff appraisal.

**Answer:****(a) Advantages of Merit Based Promotion****No Favoritism:**

A seniority-based promotion structure can eliminate the perception of favoritism. Employers typically won't have to worry about a newer worker coming in and quickly leapfrogging them to obtain a promotion simply because they are friends with an upper-level supervisor or because of the way they dress or that they are more effective at playing the game of corporate politics. Instead, workers have a sense that if they pay their dues, they will be rewarded at some point in the future.

**Motivation Boost:**

A merit-based program, on the other hand, can provide motivation leading to increased productivity. Workers who recognize that the best performers are the ones who get ahead may put forth the extra effort they believe it takes to receive promotions. For instance, salespeople who realize that a sales manager position is awarded to the person with the highest sales numbers may strive to produce the desired results, generating additional revenue for the company in the process.

**Reward for Ability:**

Workers possess varying levels of skills and abilities, and a merit-based program rewards those who may have the most to offer the organization in the long run. While tenured employees offer the benefit of greater experience, this does not necessarily equate with more ability. A less experienced worker possessing a greater flair for innovation or creativity may be more likely to generate ideas that help the company move forward in the future.

**Disadvantages of Merit Based Promotion:**

- Merit based promotion system is not beneficial for the senior employees. In such a system, a senior employee may or may not get promotion for a long time. It may lead to his frustration.
- A senior employee may not like that his junior (in age or service), is dictating him terms for doing duties.
- Senior employees may start doing lesser work.
- Such a system may lead to indiscipline in the organization.

(b) Purpose of performance appraisal:

Organization uses performance appraisals for Evaluation and Developmental purposes to improve the human resources of an organization by human resources of an organization.

Evaluation:

To let employees know where they stand relative to performance objectives and standards. An effective entails the following:

- Establishes performance standards that are measurable performance standards.
- Sets mutually acceptable and measurable performance standards.
- Provides continues feedback to employees about their performance.
- Accurately measures performance.
- Compares performance with performance standards.
- Develops employees where necessary' or take corrective action where appropriate.

Development:

Assist in training and continued personal development of people. Developed employees are more motivated, commuted and competent to achieve their work roles and goals.

They can contribute effectively in improving the organization effectiveness.

Performance appraisal is a formal, structure system that compares employee performance to established standards. Purpose of performance appraisal can be broadly of two types viz; administrative purposes and developmental purposes.

Administrative Purposes:

Administrative purposes includes:

- Document human resource decision with regard to performance and its related issues.
- Determine promotion of employees.
- Determine transfer and change in job assignments.
- Identify poor performance areas of employees.
- Decide on layoffs.
- Meet legal requirements.
- Evaluate the performance of training programmes.
- Decide on salary' and reward issues. '
- Decide retention or termination.

#### **Question 4.**

(a) Define motivation. Differentiate between monetary and non-monetary factors affecting motivation.

(b) Discuss the hierarchy of needs as given by Ma slow.

**Answer:**

Motivation : Motivation is the word derived from the word motive which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals.

Monetary Factors	Non-Monetary Factors
1. These are financial benefits.	1. These are non-financial benefits.
2. The purpose of monetary incentives is to reward associates for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses.	2. The purpose of non monetary incentives is to reward associates for excellent job performance through opportunities. Non-monetary incentives include flexible work hours, training, pleasant work environment.

(b) There are five different levels in Mas low's hierarchy of needs:

Physiological Needs: These include the most basic needs that are vital to survival, such as the need for water, air, food, and sleep. Ma slow believed that these needs are the most basic and instinctive needs in the hierarchy because all needs become secondary until these physiological needs are met.

Security Needs : These include needs for safety and security. Security needs are important for survival, but they are not as demanding as the physiological needs. Examples of security needs include a desire for steady employment, health care, safe neighborhoods, and shelter from the environment.

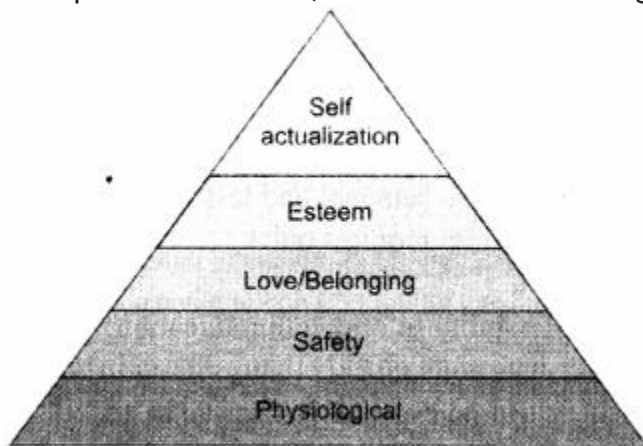
Social Needs: These include needs for belonging, love, and affection. Ma slow described these needs as less basic than physiological and security' needs. Relationships such as friendships, romantic attachments, and families help fulfill this need for companionship and acceptance, as does involvement in social, community' or religious groups.

Esteem Needs: After the first three needs have been satisfied, esteem needs become increasingly important. These include the need for things that reflect on self-esteem, personal worth, social recognition, and accomplishment.

Self-actualizing Needs : This is the highest level of Mas low's hierarchy of needs. Self-actualizing people are self- aware, concerned with personal growth, less concerned with



the opinions of others, and interested fulfilling their potential.



**Question 5.**

- (a) Write short note on Internal Communication in an organization.  
(b) Oral communication is an unreliable yet popular method of Communication.  
'Discuss.

**Answer:**

(a) Internal communication in an organization : Internal communication is the transmission of information between organizational members or parts of the organization. It takes place across all levels and organizational units of an organization. One of the basic aims of effective internal communication is to get the management's message across to the employees.

The following are a few reasons why internal communications are important from an employee's perspective

- Even employee wants to be informed
- Information is required to build trust
- Every employee wants to understand growth
- Every employee feels involved
- Every employee wants to contribute
- Makes the employees feel good
- Makes the employees learn

It is easy for organisations to lose gravity on the importance of effective internal communications, as it usually becomes a mandate and part of the process once the organisation crosses the medium size. Many organisations use communications to push content which usually would be from the perspective of the management rather than from the employee's.

(b) Oral communication is the process of verbally transmitting information and ideas from one individual or group to another. Oral communication can be either Formal or Informal. Examples of informal oral communication include:

- Face-to-face conversations
- Telephone conversations
- Discussions that take place at business meetings

More formal types of oral communication include:

- Presentations at business meetings
- Classroom lectures
- Commencement speech given at a graduation ceremony

With advances in technology, new forms of oral communication continue to develop.

Advantages:

However, oral communication has little authentication, yet it is the most popular form of communication in the organization. There are many situations in which it makes sense to choose oral over written communication.

- Oral communication is more personal and less formal than written communication. If time is limited and a business matter requires quick resolution, it may be best to have a face-to-face or telephone conversation.
- There is also more flexibility in oral communication; you can discuss different aspects of an issue and make decisions more quickly than you can in writing.
- Oral communication can be especially effective in addressing conflicts or problems. Talking things over is often the best way to settle disagreements or misunderstandings.
- Oral communication is a great way to promote employee morale and maintain energy and enthusiasm within a team.

#### **Question 6.**

(a) Why are tests conducted in a selection procedure. State any two advantages and any two limitations of such tests.

(b) With the help of suitable examples, explain the following:

(a) Bar graph.

(b) Pie diagram

**Answer:**

(a) Candidates who are identified as right qualified person will be invited to the selection process which involves different kinds of tests for knowing knowledge, skills and attitude that are required for performing would be given job.

**Advantages of Test:**

**Proper Assessment:**

Tests provide a basis for finding out the suitability of candidates for various jobs.

The mental capability, aptitude, liking and interests of the candidates enable the selectors to find out whether a person is suitable for the job for which he is a candidate.

**Objective Assessment:**

Tests provide better objective criteria than any other method. Subjectivity of every type is almost eliminated.

**Limitations of Tests :**

**Unreliable:**

The inferences drawn from the tests may not be correct in certain cases. The skill and ability of a candidate may not be properly judged with the help of tests.

**Wrong Use :**

The tests may not be properly used by the employees. Those persons who are conducting these tests may be biased towards certain persons. This will falsify the results of tests. Tests may also give unreliable results if used by incompetent persons.

(b) Bar graphs are used to display data in a similar way to line graphs. However, rather than using a point on a plane to define a value, a bar graph uses a horizontal or vertical rectangular bar that levels off at the appropriate level.

When the information is shown through a circle, it is called a pie chart. Pie charts are often used when it is necessary to show the relationship of parts to a whole. If you use too many segments in the pie, the impact could be lost. We represent the information in the pie through percentage. In this chart shading may be used to focus special attention on a single element.

### **Question 7.**

(a) What are formal motions? Explain any two types of formal motions.

(b) Give two points of distinction between each of the following:

(i) Ordinary Resolution and Special Resolution.

(ii) Annual General Meetings and Extra Ordinary General Meeting.

(iii) Private Report and Public Report.

(iv) Statutory Report and Non-Statutory Report.

### **Answer:**

(a) Formal Motions:

Formal motions are the motions which act upon the processes or procedures being followed in the meeting. They are about the running of the meeting. Formal meeting

motions are very effective tools for productive meetings. An elementary knowledge of the Robert's rules of order is essential for the chairman and members.

A formal meeting motion is a statement made by a registered member during a meeting describing what is to be done and how it is to be accomplished. Motions facilitate action. For any organization to function effectively, the chairman and members should have a basic understanding of different types of motions and their appropriate uses.

(b) (i)

<b>Special Resolution</b>	<b>Ordinary Resolution</b>
A resolution shall be an ordinary resolution when at a general meeting of which the notice required under this Act has been duly given, the votes cast (whether on a show of hands, or on a poll, as the case may be), in favor of the resolution (including the casting vote, if any, of the chairman) by members who being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the resolution by members so entitled and voting.	A resolution shall be a special resolution when – (a) the intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution; (b) the notice required under this Act has been duly given of the general meeting; and (c) the votes cast in favor of the resolution (whether on a show of hands, or on a poll, as the case may be) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, are not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

(ii) Annual General Meeting:

Every company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting. Such a meeting will be held not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next. A company may hold its first annual general meeting within a period of not more than ' eighteen months from the date of its incorporation; and if such general meeting is held within that period, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation or in the following year:

Every annual general meeting shall be called for a time during business hours, on a day that is not a public holiday.

(iii) Extra Ordinary General Meeting :

The Board of Directors of a company shall proceed duly to call an extraordinary general meeting of the company. The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the registered office of the company. The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(iv) Statutory Report:

The Companies Act of 1956 has made it compulsory for all companies to maintain certain sets of books of account for recording the financial transactions and to publish its annual statements in the prescribed form from time to time.

Some important provisions relating to preparation and publication of final accounts are as follows:

- Publication of Balance Sheet
- Form and Contents of Balance Sheet and Profit and Loss Account etc.

If the directors fail to do so, that is considered civil and criminal offence and they may be penalized for that offence. So all companies disclose this information without failure.

Non Statutory Reports:

Non-statutory report is also at par in importance with statutory disclosure to get the complete idea of the companies business and prospects. It is discretionary to give non-statutory information in the annual reports. It depends on the company's policy to disclose it.

**Question 8.**

(a) Write short notes on :

(i) Under Certificate of Posting

(ii) Franking Machine.

(b) A consignment of 1000 bed-sheets received by your organization has the following defects :

- 200 bed-sheets are of the color not ordered.
- 60 bed-sheets have defective weaving.

In the light of these defects, write a letter of complaint to the supplier, M/s A. B. C. Ltd.

**Answer:**

(a) Under Certificate of Posting : It was a postal service in which the ordinary letters were sent and post office issued a confirmation on a paper that the said article has

been received by it. There was a nominal fee of ₹ 2/- up to three articles (letters). In addition to postal stamps affixed on the envelopes, the sender had to write the detail of addressee on a plain paper and had to affix stamps of ₹ 2.

This paper, after putting the Post Mark, was returned to the sender of the articles. This service served a legal proof that article had been sent by the sender. The Postal Department has discontinued the UPC service (Ordinary post service) from the last few years.

The franking machine is used to weigh and correctly frank all of your outgoing mail, meaning you no longer need to waste time standing in lengthy Post Office queues to wait on mail being processed. It will do all of this and more for you, allowing you to run your office and manage your time more efficiently. You are effectively cutting out the middle man, by doing the job of the person behind the counter at the Post Office.

(b)

KHANNA HOSIERY PVT LTD  
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Phone-0161-2267356-62  
Email: orders@khannahosierv.in

30.04.2015

The Sales Manager  
M/s A.B.C. Hand looms  
G T Road  
Panipat-136101

Dear Sir,

SUBJECT : DEFECTS AND DISCREPANCIES IN ITEMS SUPPLIED BY YOUR FIRM

REFERENCE: ORDER NO. 121 DATED 25.04.2015

With above referred order, we had ordered the following items to your firm :

1. Classic Bed-Sheets 200 Pink
2. Classic Bed-Sheets 300 Blue
3. Evergreen Bed-Sheets 200 Green
4. Evergreen Bed-Sheets 300 Orange

We have received the consignment today and noted that Classic Bed-Sheets (200 number) have been received in Yellow color instead of Pink Colour. Out of 300 bed-

sheets of Evergreen mark, 60 bed-sheets have defective weaving and cannot be sold due to the visible defect.

We are getting the items packed for return and the same will be dispatched to your firm by next delivery service. On receipt of the items, you may credit the full proceeds of returned items, to our Account no. 0800100018811.

Yours faithfully,  
(Narender Kumar)  
Purchases In charge.