

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2024
Marking Scheme---Business Studies(054) 66/1/3


General Instructions:

1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC.”
3	Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one’s own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them. In class -XII, while evaluating two competency based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after deliberation and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark(√) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (✓)while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.

9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 80 as given in Question Paper has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past:-</p> <ul style="list-style-type: none"> ● Leaving answer or part thereof unassessed in an answer book. ● Giving more marks for an answer than assigned to it. ● Wrong totaling of marks awarded on an answer. ● Wrong transfer of marks from the inside pages of the answer book to the title page. ● Wrong question wise totaling on the title page. ● Wrong totaling of marks of the two columns on the title page. ● Wrong grand total. ● Marks in words and figures not tallying/not same. ● Wrong transfer of marks from the answer book to online award list. ● Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) ● Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks
15	Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme

66 /1 /3	MARKING SCHEME– 2024 BUSINESS STUDIES-054 66/1/3 EXPECTED ANSWERS / VALUE POINTS	Marks
1	<p>Q. In the ----- market, prices are determined and decided by the management of the company. (A) Primary (B) Secondary (C) Money (D) Stock</p> <p>Ans. (A) Primary</p>	1 mark
2	<p>Q. Statement I: A financial market facilitates the transfer of savings from savers to investors.</p> <p>Statement II: It gives savers the choice of different investments and helps to channelise surplus funds into the most productive use.</p> <p>Choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the Statements are true. (D) Both the Statements are false.</p> <p>Ans. (C) Both the Statements are true.</p>	1 mark
3	<p>Q. 'Dovex' was a large company with a renowned name in healthcare industry, specialising in the development and production of life saving medications and medical devices. With a strong reputation for ethical practices, 'Dovex' attracted a large number of investors who had great faith in the company's future. This allowed 'Dovex' to raise capital easily from the market whenever expansion or new projects were to be undertaken. As a result, it could pay high dividends to the shareholders. The factor affecting dividend decision discussed above, which allowed 'Dovex' to pay high dividends to the shareholders is: (A) Cash flow position</p>	

	<p>(B) Stock market reaction (C) Legal constraints (D) Access to capital market</p> <p>Ans. (D) Access to capital market</p>	1 mark										
4	<p>Q. Match the terms given in Column I with their meanings in Column II:</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>1. Placement</td><td>(i) Introducing the selected employee to other employees and familiarising him with the rules and policies of the organization</td></tr><tr><td>2. Recruitment</td><td>(ii) It refers to the employee occupying the position or post for which he/she has been selected</td></tr><tr><td>3. Orientation</td><td>(iii) Evaluating an employee's current and/or past performance as against certain predetermined standards</td></tr><tr><td>4. Performance Appraisal</td><td>(iv) The process of searching for prospective employees and stimulating them to apply for jobs in the organization</td></tr></table> <p>Choose the correct option from the following: (A) 1-(i), 2-(ii), 3-(iii), 4-(iv) (B) 1-(ii), 2-(iii), 3-(i), 4-(iv) (C) 1-(ii), 2-(iv), 3-(i), 4-(iii) (D) 1-(ii), 2-(i), 3-(iv), 4-(iii)</p> <p>Ans. (C) 1-(ii), 2-(iv), 3-(i), 4-(iii)</p>	Column I	Column II	1. Placement	(i) Introducing the selected employee to other employees and familiarising him with the rules and policies of the organization	2. Recruitment	(ii) It refers to the employee occupying the position or post for which he/she has been selected	3. Orientation	(iii) Evaluating an employee's current and/or past performance as against certain predetermined standards	4. Performance Appraisal	(iv) The process of searching for prospective employees and stimulating them to apply for jobs in the organization	1 mark
Column I	Column II											
1. Placement	(i) Introducing the selected employee to other employees and familiarising him with the rules and policies of the organization											
2. Recruitment	(ii) It refers to the employee occupying the position or post for which he/she has been selected											
3. Orientation	(iii) Evaluating an employee's current and/or past performance as against certain predetermined standards											
4. Performance Appraisal	(iv) The process of searching for prospective employees and stimulating them to apply for jobs in the organization											
5	<p>Q. Which of the following is an element of 'Social Environment'? (A) Rates of saving and investment (B) Expectations from the workforce (C) The nature of relationship of our country with foreign countries</p>											

	<p>(D) Planned outlay in public and private sectors</p> <p>Ans. (B) Expectations from the workforce</p>	1 mark
6	<p>Q. Identify the tool of promotion used by 'Mehta Sons Garments' to boost its sales:</p> <p>(A) Advertising (B) Personal selling (C) Sales promotion (D) Public relations</p>  <p>Ans. (C) Sales promotion</p>	1 mark
7	<p>Q. Beenu had a bookstore in Sabad called 'Book-mark'. For years, the bookstore was doing reasonably well but with the rise of digital books and online retailers, her sales had declined. Beenu's daughter, who had just completed her MBA with a specialisation in marketing decided to launch a marketing campaign to revive the bookstore. The campaign's focus was on the joy of reading books in physical form, the joy of turning pages and the warm atmosphere of the bookstore. She organised story writing and other competitions every weekend. The information of these was given to the parents and children through television, radio, children's magazines, etc. Attractive prizes were offered to the winners. This increased the footfall of the children and their parents and the bookstore soon became popular.</p> <p>The tool of communication used by Beenu's daughter to revive the bookstore was:</p> <p>(A) Advertising</p>	

	(B) Personal selling (C) Sales promotion (D) Public relations Ans. (D) Public relations	1 mark
8	Q. The marketing management philosophy which uses availability and affordability as a means to achieve the objectives is: (A) Marketing concept (B) Selling concept (C) Product concept (D) Production concept Ans. (D) Production concept	1 mark
9	Q. For taking the company out of losses, Ravi Kumar took over as the Managing Director of the struggling Vova Watch Company' in January 2020. As soon as he joined, he tried to find out the reason for the company not doing well. He found that the employees were not involved in decision-making and they had to just follow orders, resulting in low morale of employees. Recognising the need for change, Ravi Kumar started on a journey to bring back the enthusiasm and motivation of the employees. He initiated open dialogues and encouraged them to actively participate in decision-making. Together, they developed action plans to address the company's challenges regarding outdated designs and inefficient production processes etc. As time passed, Vova Watch Company' transformed from a struggling enterprise to a profit making enterprise. Identify the leadership style of Ravi Kumar: (A) Autocratic leadership style (B) Democratic leadership style (C) Free-rein leadership style (D) Both (A) and (B) Ans. (B) Democratic leadership style	1 mark
10	Q. _----- refers to doing the task correctly and with minimum cost.	

	<p>(A) Effectiveness (B) Coordination (C) Process (D) Efficiency</p> <p>Ans. (D) Efficiency</p>	1 mark
11	<p>Q. 'Best Electronics' is led by its visionary Chief Executive Officer, Nikhil. It has a reputation for good quality products and customer service. Nikhil recognised the need to continually innovate and provide customers with the latest products. He wanted the company to be the market leader in electronics.</p> <p>Nikhil knew that to realise his ambitious vision, he needed a clear and well-defined plan that would provide broad contours of the company's business. His team conducted extensive market research to uncover emerging trends, customer preferences, and potential competitors. On its basis, a plan was prepared defining the company's direction and scope in the long run. On the implementation of the plan 'Best Electronics' became the market leader in two years. The type of plan which helped 'Best Electronics' to become the market leader was:</p> <p>(A) Policy (B) Rule (C) Strategy (D) Procedure</p> <p>Ans. (C) Strategy</p>	1 mark
12	<p>Q. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from the options given below:</p> <p>Assertion (A): Many enlightened business firms have set up their own consumer service and grievance cells.</p> <p>Reason (R): The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or service.</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p>	

	<p>(B) Both Assertion (A) and Reason (R) are true, but Reason(R) is not the correct explanation of Assertion(A).</p> <p>(C) Assertion (A) is true, but Reason (R) is false.</p> <p>(D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p>	1 mark
13	<p>Q. Choose the <i>incorrect</i> statement from the following about functions of a Stock Exchange:</p> <p>(A) Provides liquidity and marketability to new securities</p> <p>(B) Ensures safety of transactions</p> <p>(C) Contributes to economic growth</p> <p>(D) Provides scope for speculation</p> <p>Ans. (A) Provides liquidity and marketability to new securities</p>	1 mark
14	<p>Q. Statement I: Delegation is the entrustment of responsibility and authority to another, and the creation of accountability for performance.</p> <p>Statement II: Irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.</p> <p>Choose the correct option from the following:</p> <p>(A) Statement I is true and Statement II is false.</p> <p>(B) Statement II is true and Statement I is false.</p> <p>(C) Both the Statements are true.</p> <p>(D) Both the Statements are false.</p> <p>Ans. (C) Both the Statements are true.</p>	1 mark
15	<p>Q. "It is a career oriented process designed to help the employees in the progress towards maturity and actualization of their potential capabilities." Identify the</p>	

	<p>process: (A) Staffing (B) Selection (C) Development (D) Training</p> <p>Ans. (C) Development</p>	1 mark
16	<p>Q. Which of the following is <i>not</i> a component of 'Physical Distribution'? (A) Inventory control (B) Standardisation and grading (C) Order processing (D) Transportation</p> <p>Ans. (B) Standardisation and grading</p>	1 mark
17	<p>Q. Plans are prepared for a specific period of time, may be for a month, a quarter or a year. At the end of that period, there is a need for a new plan to be drawn on the basis of new requirements and future conditions. The feature of planning reflected in the above lines is: (A) Planning is futuristic (B) Planning is continuous (C) Planning is pervasive (D) Planning is a mental exercise</p> <p>Ans. (B) Planning is continuous</p>	1 mark
18	<p>Q. Online retailer 'Bizen' has grown to be the biggest provider worldwide in the field of e-commerce. Its revenues are growing steadily year after year. It owes its success to the rapid rate of digitisation and its organisational structure. 'Bizen's Managing Director, Mohit makes strategic decisions and has control over the entire organisation. In 'Bizen', jobs of similar nature are grouped together into Human Resource Department, Marketing Department, Purchase Department and Research and Development Department. These departments are further divided into sections and all departmental heads report to Mohit who is the co-ordinating head. This ensures efficiency in the utilization of manpower and minimizes</p>	

	<p>duplication of efforts. The type of organizational structure of 'Bizen' is:</p> <p>(A) Informal organisational structure (B) Divisional organisational structure (C) Functional organisational structure (D) Both (B) and (C)</p> <p>Ans. (C) Functional organisational structure</p>	1 mark
19	<p>Q. The process of estimating fund requirements of a business and specifying the sources of funds is called:</p> <p>(A) Capital structure (B) Financial planning (C) Financial management (D) Capital budgeting</p> <p>Ans. (B) Financial planning</p>	1 mark
20	<p>Q. 'SK Builders' became the market leader in the designer house segment as it was the first to recognize the need of using Artificial Intelligence in designing houses in the changing environment of technological advancement. This highlights the following point of importance of business environment:</p> <p>(A) It helps to identify threats and early warning signals. (B) It enables the firm to identify opportunities and getting the first mover advantage. (C) It helps in tapping useful resources. (D) It helps in improving performance.</p> <p>Ans. (B) It enables the firm to identify opportunities and getting the first mover advantage.</p>	1 mark
21	<p>Q. A renowned car company named 'BB Motors' was known for producing high performance cars. They were committed to ensure that its employees had the skills and knowledge to build these innovative high-performance cars. To achieve this, they implemented a unique approach for training. The company transformed a section of its factory into what they called the 'Learning Floor'. Actual work environment was created by allotting a specialized space. The space was equipped with a range of car</p>	

	<p>components, tools and sophisticated car equipment identical to those used on the factory floor, where the company's employees would undergo their training. Identify and explain the method of training used by 'BB Motors' to ensure that its employees had the skills and knowledge to build innovative high-performance cars.</p> <p>Ans. Vestibule training</p> <ul style="list-style-type: none"> It is a method of training in which employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. This is usually done when employees are required to handle sophisticated machinery and equipment. <p><i>(If an examinee has identified the method of training as 'Off the job', 1 mark is to be given)</i></p>	<p>1 mark for identifying + 2 marks for explanation = 3 marks</p>						
22	<p>Q(a). State any three protective functions of Securities and Exchange Board of India.</p> <p>Ans.</p> <p><u>Protective functions of Securities and Exchange Board of India are: (Any 3)</u></p> <ol style="list-style-type: none"> It prohibits fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging etc. It controls insider trading and imposing penalties for such practices. It undertakes steps for investor protection. It promotes fair practices and code of conduct in securities market. <p>OR</p> <p>Q(b) Differentiate between 'Money Market' and 'Capital Market' on any three bases.</p> <p>Ans. Difference between 'Money Market' and 'Capital Market' (Any three):</p> <table border="1"> <thead> <tr> <th>Basis</th><th>Money market</th><th>Capital market</th></tr> </thead> <tbody> <tr> <td>Participants</td><td>Participants are by and large,</td><td>Participants are financial</td></tr> </tbody> </table>	Basis	Money market	Capital market	Participants	Participants are by and large,	Participants are financial	<p>1x3 = 3 marks</p> <p>OR</p>
Basis	Money market	Capital market						
Participants	Participants are by and large,	Participants are financial						

		institutional participants such as the RBI, banks, financial institutions and finance companies.	institutions, banks, corporate entities, foreign investors and ordinary retail investors/public.	
	Instruments	The main instruments traded are short term debt instruments such as T-bills, trade bills reports, commercial paper and certificates of deposit.	The main instruments traded are equity shares, debentures, bonds, preference shares etc.	
	Investment outlay	Investment in money market entail huge sums of money as instruments are quite expensive	Investment in capital market does not necessarily require a huge financial outlay	
	Duration	It deals in instruments with maximum tenure of one year	It deals in medium and long term securities	
	Liquidity	Money market instruments enjoy relatively a higher degree of liquidity as there is formal arrangement for this.	Capital market securities are considered liquid investments because they are marketable on the stock exchanges, however a share may not be actively traded.	
	Safety	Money market is generally much safer with a minimum risk of default	Capital market instruments are riskier both with respect to returns and principal repayment	
	Expected	Investment in	Investment in	

1x3
=

3 marks

	<table border="1"> <tr> <td>return</td><td>money market generally yield relatively lower rate of return</td><td>capital market generally yield higher return for investors</td></tr> </table>	return	money market generally yield relatively lower rate of return	capital market generally yield higher return for investors	
return	money market generally yield relatively lower rate of return	capital market generally yield higher return for investors			
23	<p>Q(a). State any three features of business environment.</p> <p>Ans.</p> <p>(a) Features of business environment are: (Any three)</p> <ul style="list-style-type: none"> (i) Business environment is <u>the sum total of all factors/things external to business firms</u> and, as such, is aggregative in nature. (ii) Business environment includes both <u>specific</u> such as customers, investors, etc <u>and general forces</u> such as political, social, etc. (iii) Different elements or parts of business environment are closely <u>inter-related</u>. (iv) Dynamic nature: Business environment <u>is dynamic</u> and keeps on changing whether in terms of technological improvement, shifts in consumer preferences , etc (v) Business environment <u>is uncertain</u> as it is very difficult to predict future happenings, especially when environment changes are taking place too frequently (vi) Business environment <u>is complex</u> as it consists of numerous interrelated and dynamic conditions or forces that are relatively easier to understand in parts but difficult to grasp in its totality. (vii) Business environment <u>is a relative concept</u> since it differs from country to country and even region to region. <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>Q(b). State any three features of 'Demonetization'.</p> <p>Ans (b). Features of demonetization are: (Any three)</p> <ul style="list-style-type: none"> (i) Demonetisation is viewed as a <u>tax administration</u> 	<p style="text-align: center;">1x3 =</p> <p style="text-align: center;">3 marks</p> <p style="text-align: center;">OR</p>			

	<p><u>measure</u> and people with black money had to declare their unaccounted wealth and pay taxes at a penalty rate.</p> <p>(ii) Demonetisation is also interpreted as a shift on the part of the government indicating that <u>tax evasion will no longer be tolerated or accepted</u>.</p> <p>(iii) Demonetisation led to tax administration <u>channelizing savings into the formal financial system</u>, to <u>enable</u> banks with deposits to provide a base loans, at lower interest rates.</p> <p>(iv) It creates a <u>less-cash or cash-lite economy</u>, i.e., channelising more savings through the formal financial system and improving tax compliance.</p> <p><i>(If the examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	<p>1x3 =</p> <p>3 marks</p>
24	<p>Q. Kanav, after passing out of college with specialization in renewable energy, was determined to start a solar power plant. The venture required heavy investment in plant and machinery and less on manual labour. Kanav invested in the latest solar panel technology and infrastructure and purchased the latest solar panels, inverters and battery storage systems.</p> <p>Despite the high risk and substantial investment, Kanav's business had good expansion possibilities. The world was increasingly moving towards clean energy solutions, and there was a growing demand for sustainable power sources. So, Kanav decided to create a higher capacity to meet the anticipated demand quickly. This entailed further investment in fixed assets which Kanav was able to arrange.</p> <p>As the years passed, the solar power plant did very well and played a pivotal role in the city's transition towards a greener and more sustainable future.</p> <p>Identify and explain the two factors affecting the fixed capital requirements discussed in the above case.</p> <p>Ans. Factor affecting the fixed capital requirements in the case are:</p> <p>(i) Choice of technique:</p> <ul style="list-style-type: none"> • A capital-intensive organisation requires higher investment in plant and machinery as it relies less on 	<p>½ mark for identifying and 1 mark for explanation</p>

	<p>manual labour, thus higher fixed capital.</p> <ul style="list-style-type: none"> • Labour intensive organisations require less investment in fixed assets. Hence, their fixed capital requirement is lower. <p>(ii) Growth prospects:</p> <ul style="list-style-type: none"> • When growth is expected, a company may choose to create higher capacity in order to meet anticipated higher demand quicker. • This entails larger investment in fixed assets and consequently larger fixed capital. 	<p>=1 ½ x2</p> <p>= 3 marks</p>
25	<p>Q. Anuj, after a lot of research, paid 'SS Developers' an advance of ₹ 2 crore to build a lavish house for him. They promised to deliver the property within 18 months. At the end of 18 months, Anuj asked for the delivery of the property many times but the developer did not respond. Anuj realized that 'SS Developers' was not in a position to hand over the property to him. Anuj asked for a refund of the money with interest, which 'SS Developers' refused. Anuj approached the consumer court with his complaint.</p> <p>(i) Which grievance redressal agency had Anuj approached?</p> <p>(ii) State any three reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint.</p> <p>Ans.</p> <p>(i) State Commission</p> <p>(ii) Reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint are: (Any three)</p> <ol style="list-style-type: none"> To refund the price paid for the product, or the charges paid for the service. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. To pay punitive damages in appropriate circumstances. To discontinue the unfair/ restrictive trade practice and not to repeat it in the future. Compensate for any loss or injury suffered by 	<p>1 mark for identifying</p> <p>+</p> <p>1x3</p> <p>= 1+3</p>

	<p>consumer under product liability action and withdraw hazardous products from being offered for sale etc.</p> <p>f) To pay any amount(not less than 5% of the value of defective goods or deficient services provided) to be credited to the Consumer Welfare fund or any other organisation/person, to be utilised in the prescribed manner.</p> <p>g) To pay adequate costs to the appropriate party.</p>	=4 marks
26	<p>Q(a). State any four characteristics of coordination.</p> <p>Ans. Characteristics of coordination are: (Any four)</p> <p>(i) Coordination <u>integrates group efforts</u> by unifying unrelated or diverse interests into purposeful work activity.</p> <p>(ii) Coordination <u>ensures unity of action</u> and acts as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) Coordination is <u>a continuous process</u> as it begins at the planning stage and continues till controlling.</p> <p>(iv) Coordination is <u>an all pervasive function</u> as it is required in all departments and at all levels of management due to the interdependent nature of activities of various departments.</p> <p>(v) Coordination is <u>the responsibility of all managers</u> as it is the function of every manager at the top, middle and operational level in the organisation.</p> <p>(vi) Coordination <u>is a deliberate function</u> as a manager has to coordinate the efforts of different people in a conscious and deliberate manner.</p> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>Q(b). State any four functions of Middle Level Management.</p> <p>Ans. Functions of Middle Level Management are: (Any four)</p> <p>(i) They interpret the policies framed by top management.</p>	<p>1x4</p> <p>= 4 marks</p> <p>OR</p> <p>1x4</p>

	<p>(ii) They ensure that their department has the necessary personnel.</p> <p>(iii) They assign necessary duties and responsibilities to them.</p> <p>(iv) They motivate them to achieve desired objectives.</p> <p>(v) They cooperate with other departments for smooth functioning of the organisation.</p> <p>(vi) They are responsible for all the activities of first line managers.</p>	= 4 marks																					
27	<p>Q. Differentiate between Functional structure and Divisional structure on any four bases.</p> <p>Ans. Differences between Functional structure and Divisional structure: (Any four)</p> <table border="1"> <thead> <tr> <th>Basis</th><th>Functional structure</th><th>Divisional structure</th></tr> </thead> <tbody> <tr> <td>Formation</td><td>Its formation is based on functions.</td><td>Its formation is based on product lines and is supported by functions.</td></tr> <tr> <td>Specialisation</td><td>It leads to functional specialization.</td><td>It leads to product specialization.</td></tr> <tr> <td>Responsibility</td><td>It is difficult to fix on a Department.</td><td>It is easy to fix responsibility for performance.</td></tr> <tr> <td>Managerial Development</td><td>It is difficult, as each functional manager has to report to the top management.</td><td>It is easier, autonomy as well as the chance to perform multiple functions helps in managerial development.</td></tr> <tr> <td>Cost</td><td>Functions are not duplicated hence economical.</td><td>It leads to duplication of resources in various departments, hence costly.</td></tr> <tr> <td>Coordination</td><td>It is difficult for a multi-product</td><td>It is easy, because all functions related to a</td></tr> </tbody> </table>	Basis	Functional structure	Divisional structure	Formation	Its formation is based on functions.	Its formation is based on product lines and is supported by functions.	Specialisation	It leads to functional specialization.	It leads to product specialization.	Responsibility	It is difficult to fix on a Department.	It is easy to fix responsibility for performance.	Managerial Development	It is difficult, as each functional manager has to report to the top management.	It is easier, autonomy as well as the chance to perform multiple functions helps in managerial development.	Cost	Functions are not duplicated hence economical.	It leads to duplication of resources in various departments, hence costly.	Coordination	It is difficult for a multi-product	It is easy, because all functions related to a	<p>1x4</p> <p>= 4 marks</p>
Basis	Functional structure	Divisional structure																					
Formation	Its formation is based on functions.	Its formation is based on product lines and is supported by functions.																					
Specialisation	It leads to functional specialization.	It leads to product specialization.																					
Responsibility	It is difficult to fix on a Department.	It is easy to fix responsibility for performance.																					
Managerial Development	It is difficult, as each functional manager has to report to the top management.	It is easier, autonomy as well as the chance to perform multiple functions helps in managerial development.																					
Cost	Functions are not duplicated hence economical.	It leads to duplication of resources in various departments, hence costly.																					
Coordination	It is difficult for a multi-product	It is easy, because all functions related to a																					

		company.	particular product are integrated in one department.	
28	<p>Q(a). Explain how the following factors affect the working capital requirement of a business: (i) Production cycle (ii) Availability of raw material</p> <p>Ans. Factors affecting the working capital requirement of a business are: (i) Production cycle:</p> <ul style="list-style-type: none"> • Production cycle is the time span between the receipt of raw material and their conversion into finished goods. • Working capital requirement is higher in firms with longer processing cycle and lower in firms with shorter processing cycle. <p>(ii) Availability of raw material:</p> <ul style="list-style-type: none"> • If the raw materials and other required materials are available freely and continuously, lower stock levels may suffice. • If, however, raw materials do not have a record of uninterrupted availability, higher stock levels may be required. <p style="text-align: center;">OR</p> <p>Q(b). Explain how the following factors affect the choice of capital structure of a company: (i) Control (ii) Return on Investment</p> <p>Ans. Factors affecting the choice of capital structure of a company are:</p> <p>(i) Control:</p> <ul style="list-style-type: none"> • Debt does not cause dilution of control. 			<p>2</p> <p>+</p> <p>2</p> <p>=2+2</p> <p>=4 marks</p> <p>OR</p> <p>2</p>

	<ul style="list-style-type: none"> ● A public issue of equity may reduce the management's holding in the company and make it vulnerable to takeover. <p>(ii) Return on Investment:</p> <ul style="list-style-type: none"> ● If the ROI of the company is higher than cost of debt, it can choose to use trading on equity to increase its EPS. ● In such a case, it can use debt. 	<p>+</p> <p>2</p> <p>=2+2</p> <p>=4 marks</p>
29	<p>Q. Verfab' was a garment manufacturing company known for its high quality fashionable clothing. They had been in the fashionable clothing business for the last 23 years. The company was earning enough profit and the demand for their fashionable clothing was rising tremendously. The company was expanding and needed to hire new talent to meet the growing demand. They followed a comprehensive process to ensure that they brought in the best candidates. The process began with a first-round evaluation of applications. The Human Resources team carefully reviewed each candidate's qualifications, experience and suitability for the available positions. It eliminated unqualified or unfit job seekers based on the information supplied in the application forms and shortlisted 21 candidates who met the basic requirements. The shortlisted candidates were then asked to take a series of tests that attempted to measure certain characteristics of individuals, ranging from manual dexterity to intelligence to personality. These tests included assessments of their sewing skills, attention to detail, and knowledge of garment manufacturing processes. 15 candidates who performed well in the tests were invited for a formal in-depth conversation with the senior staff from the design team. Thereafter, 10 candidates were found suitable for the job position available. Since these 10 candidates had cleared all the above steps, 'Verfab' conducted verification by contacting their previous employers to confirm the details the candidates had provided. Thereafter, a decision was made to choose 8 candidates who were best fitted for the roles. Explain the steps of the comprehensive process discussed above till the verification stage, to ensure that the company</p>	

	<p>brought in the best candidates to meet the growing demand for fashionable clothing.</p> <p>Ans. The steps of the comprehensive process discussed above are :</p> <p>(i) Preliminary screening: It helps the manager to eliminate unqualified or unfit job seekers based on the information supplied in the application forms.</p> <p>(ii) Selection tests: These tests attempt to measure certain characteristics of individuals. ranging from aptitudes, manual dexterity, intelligence to personality.</p> <p>(iii) Employment interview: A formal, in-depth conversation is conducted to evaluate the applicant's suitability for the job and the interviewees may also seek information from interviewer.</p> <p>(iv) Reference and background checks: References are used for verifying information and, gaining additional information on an applicant from previous employers, known persons, teachers, university professors, etc.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i></p>	<p>½ mark for heading and ½ mark for explanation =1 mark</p> <p>=1x4</p> <p>= 4 marks</p>
30	<p>Q. Piyush is the Production Manager of a shoe company 'Comforty'. He has 1000 workers under him in his department. Piyush booked a special order for 300 pairs of gents shoes at an estimated cost price of ₹ 500 per pair plus a 20% profit margin. This order is to be completed within 10 days. After completion of the order, Piyush found out that the production cost of one pair of shoes was ₹ 700. He tried to find out the reason but he couldn't. He reported it to the Chief Executive Officer. For this the Chief Executive Officer appointed Abhay, who was not only a specialized Cost Accountant, but also a qualified Human Resource Manager. After two days, Abhay reported that the set target could have been completed by only 800 workers. This revealed that there was overmanning in the organization, The organization was not utilizing the human</p>	

	<p>resources optimally which had led to high labour cost.</p> <p>The above case highlights an important function of management.</p> <p>(i) Identify the function of management discussed above. (ii) State any three points of importance of the function identified in (i) above.</p> <p>Ans.</p> <p>(i) Controlling</p> <p>(ii) Importance of Controlling : (Any three)</p> <p>(1) <u>It helps in accomplishing organisational goals</u> by bringing to light the deviations, if any, and indicating corrective action.</p> <p>(2) It <u>helps in judging accuracy of standards</u> in the light of changes taking place in the organization and environment.</p> <p>(3) It helps in <u>making efficient use</u> of resources by ensuring that each activity is performed in accordance with pre-determined standards.</p> <p>(4) It <u>improves employee motivation</u> as the employees know well in advance the standards of performance on the basis of which they will be appraised.</p> <p>(5) It ensures <u>order and discipline</u> among employees by keeping a close check on their activities.</p> <p>(6) It <u>facilitates coordination</u> in action as each department is governed by pre-determined standards which are well coordinated with one another.</p> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	<p>1 mark for identifying</p> <p>+</p> <p>1x3</p> <p>= 1+3</p> <p>4 marks</p>
31	<p>Q(a). Explain the following points of significance of principles of management:</p> <p>(i) Fulfilling social responsibility (ii) Meeting changing environment requirements (iii) Scientific decisions</p> <p>Ans.</p>	

<p>(i) Fulfilling social responsibility:</p> <ul style="list-style-type: none"> • Businesses are now forced to fulfill their social responsibilities due to increased awareness of the public. • Management theory and management principles have also evolved, and principles have also assumed newer and contemporary meanings with the change in time. <p>(ii) Meeting changing environment requirements:</p> <ul style="list-style-type: none"> • Principles of management can be modified according to the changes taking place in the environment. • Hence, they help the managers in meeting changing environment requirements. <p>(iii) Scientific decisions:</p> <ul style="list-style-type: none"> • Principles of management help in taking scientific decisions because the decisions based on principles are free from bias. • They are based on the objective assessment of the situation. 	<p>2</p> <p>+</p> <p>2</p> <p>+</p> <p>2</p> <p>= 6 marks</p>
<p style="text-align: center;">OR</p> <p>Q(b). Explain the following principles of management:</p> <p>(i) Unity of direction</p> <p>(ii) Subordination of individual interest to general interest</p> <p>(iii) Esprit de corps</p> <p>Ans.</p> <p>(i) Unity of direction</p> <ul style="list-style-type: none"> • Unity of direction states that all the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts. • Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination. <p>(ii) Subordination of individual interest to general interest:</p> <ul style="list-style-type: none"> • The interests of an organisation should take priority/supersede over the interests of any one individual employee. • This is so because larger interests of the stakeholders are 	<p>OR</p> <p>2</p> <p>+</p> <p>2</p> <p>+</p>

	<p>more important than the interest of any one person.</p> <p>(iii) Esprit de corps:</p> <ul style="list-style-type: none"> • Management should promote a team spirit, unity and harmony among employees otherwise objectives would be difficult to realise. • A manager should replace 'I' with 'We' in all his conversations with workers to foster team spirit. This will give rise to a spirit of mutual trust and belongingness among team members. 	<p>2</p> <p>=6 marks</p>
32.	<p>Ayush and Rhea were passionate about sustainable agriculture and healthy living. They wanted to start a business selling organic produce. They had a small farm in a rural area where they began growing fresh organic produce and herbs.</p> <p>In the beginning, they faced challenges in marketing their organic products. They realized that their high quality produce needed better presentation and a strong identity to stand out in a competitive market.</p> <p>They named the business 'Earthy Store' which indicated the products' benefits and qualities and reflected the values of the business - sustainability and health.</p> <p>They chose a 'logo' that incorporated elements of nature and used earthy colours to convey their organic commitment. They designed and developed eco-friendly biodegradable bags and reusable containers to courier their products to the customers. They also added personal touch by including handwritten notes in each bag.</p> <p>They also designed and developed product stickers with detailed information about organic certification, nutritional benefits, date of manufacture, date of expiry, etc. The stickers so developed were put on the bags and reusable containers for customers convenience.</p> <p>'Earthy Store' created a user-friendly website and established strong media presence to inform potential customers about their products and persuading them to buy the same. Within a couple of months, they had built a loyal customer base which made them earn profits even in a competitive environment. In a year, they were able to secure contracts with local grocery stores and restaurants.</p> <p>Quoting lines from the above paragraph, identify and</p>	

	<p>explain the three functions of marketing discussed in the above case.</p> <p>Ans. Functions of marketing:</p> <p>(i) Branding:</p> <ul style="list-style-type: none"> • Branding is the process of giving a name, term, sign, symbol, design or some combination of them, to the product. <p><i>“They chose a 'logo' that incorporated elements of nature and used earthy colours to convey their organic commitment.”</i></p> <p style="text-align: center;">OR</p> <p><i>“They named the business ‘Earthy Store’ which indicated the products’ benefits and qualities and reflected the values of the business - sustainability and health”.</i></p> <p>(ii) Packaging and Labelling:</p> <ul style="list-style-type: none"> • Packaging refers to the act of designing and producing the container or wrapper of a product. • Labelling refers to designing and developing the label to be put on the package. It may vary from a simple tag to complex graphics. <p><i>“They designed and developed eco-friendly biodegradable bags and reusable containers to courier their products to the customers”</i></p> <p style="text-align: center;">OR</p> <p><i>“ They also designed and developed product stickers with detailed information about organic certification, nutritional benefits, date of manufacture, date of expiry, etc.”</i></p> <p>(iii) Promotion:</p> <ul style="list-style-type: none"> • Promotion refers to informing the customers about the firm’s product, its features, etc. and persuading them to purchase these products. 	<p>½ mark for identifying + 1 mark for explanation + ½ mark for quoting =2 marks =2x3 = 6 marks</p>
--	---	--

	<p><i>“Earthy Store’ created a user-friendly website and established strong media presence to inform potential customers about their products and persuading them to buy the same.”</i></p>	
33.	<p>Q. Atul Sharma was the Chief Executive Officer of a footwear company, 'Stepone Footwear'. The company manufactured innovative and comfortable footwear for all age groups. Atul Sharma was known for meticulous planning. He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. Before each season, 'Stepone Footwear' carefully analysed market trends, customer preferences and production schedules. This analysis enabled the company to look ahead and anticipate changes and develop managerial responses, wherever necessary. As a result, they were able to consistently deliver innovative and comfortable shoes to the market.</p> <p>During one season, there was a sudden surge in demand for eco-friendly shoes. 'Stepone Footwear' had already planned their production for the year with specific goals to be achieved within a specific time frame. The managers of 'Stepone Footwear' did not have the flexibility to change the plan to cope with the changed circumstances. Another shoe company 'Eco Step' quickly adapted and started manufacturing comfortable eco-friendly shoes. By not being able to adjust to the rapidly changing market, 'Stepone Footwear' faced inventory surplus while 'Eco Step' emerged as a market leader in sustainable eco-friendly footwear.</p> <p>Quoting lines from the above paragraph, identify and explain two benefits and two limitations of 'Planning function of management discussed in the above case.</p> <p>Ans. Benefits of planning:</p> <p>(i) Planning provides directions:</p> <p>Planning provides direction for action by stating in advance how work is to be done.</p> <p><i>“He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what</i></p>	

	<p><i>action should be taken and in which direction.”</i></p> <p>(ii) Planning reduces the risks of uncertainty:</p> <p>By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.</p> <p><i>“This analysis enabled the company to look ahead and anticipate changes and develop managerial responses, wherever necessary”</i></p> <p>Limitations of planning:</p> <p>(i) Planning leads to rigidity:</p> <p>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.</p> <p><i>“The managers of 'Stepone Footwear' did not have the flexibility to change the plan to cope with the changed circumstances.”</i></p> <p>(ii) Planning may not work in a dynamic environment:</p> <p>The organisation has to constantly adapt itself to changes taking place in the dynamic environment. However, planning cannot foresee everything and thus, there may be obstacles to effective planning.</p> <p><i>“By not being able to adjust to the rapidly changing market, 'Stepone Footwear' faced inventory surplus while 'Eco Step' emerged as a market leader in sustainable eco-friendly footwear.”</i></p>	<p>½ mark for identifying + ½ mark for explanation + ½ mark for quoting</p> <p>=1 ½ mark for each benefit and limitation</p> <p>=1 ½ x4</p> <p>= 6 marks</p>
34	Q(a). Explain any three merits and three demerits of	

	<p>internal sources of recruitment.</p> <p>Ans.</p> <p>Merits of internal sources of recruitment are: (Any three)</p> <p>(i) <u>Employees are motivated</u> to improve their performance. A promotion at a higher level may lead to a chain of promotion at lower levels in the organisation.</p> <p>(ii) Internal recruitment also <u>simplifies the process</u> of selection and placement. This is a more reliable and economical way of recruitment since the candidates are already known to the organization.</p> <p>(iii) Transfer is a <u>tool of training the employees</u> to prepare them for higher jobs. People recruited from within the organisation do not need induction training.</p> <p>(iv) Transfer has the <u>benefit of shifting workforce from the surplus departments</u> to those where there is shortage of staff.</p> <p>(v) Filling of jobs <u>internally is cheaper</u> as compared to getting candidates from external sources.</p> <p>Demerits of internal sources of recruitment are:(Any three)</p> <p>(i) The scope for <u>induction of fresh talent is reduced</u>. Hence, complete reliance on internal recruitment involves danger of ‘inbreeding’ by stopping ‘infusion of new blood’ into the organization</p> <p>(ii) The employees may <u>become lethargic</u> if they are sure of time bound promotions</p> <p>(iii) <u>A new enterprise cannot use</u> internal sources of recruitment. No organisation can fill all its vacancies from internal sources</p> <p>(iv) <u>The spirit of competition</u> among the employees may be hampered.</p> <p>(v) Frequent transfers of employees may often <u>reduce the productivity of the organization</u>.</p> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>Q(b). Explain any four non-financial incentives which</p>	<p>1x3=3</p> <p>+</p> <p>1x3=3</p> <p>=6 marks</p> <p>OR</p>
--	--	---

	<p>motivate employees for better performance.</p> <p>Ans. Non-financial incentives which motivate employees for better performance are: (Any four points with explanation)</p> <p>(i) Status (ii) Organisational Climate (iii) Career Advancement Opportunity (iv) Job Enrichment (v) Employee recognition programmes (vi) Job security (vii) Employee participation (viii) Employee Empowerment</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i></p>	<p>½ mark for heading and 1 mark for explanation</p> <p>= 1½ x 4</p> <p>= 6 marks</p>
--	---	--