

-Strictly Confidential: (For Internal and Restricted Use Only)

Senior School Certificate Examination

March -----2024

Marking Scheme---Business Studies (054)

66/2/2

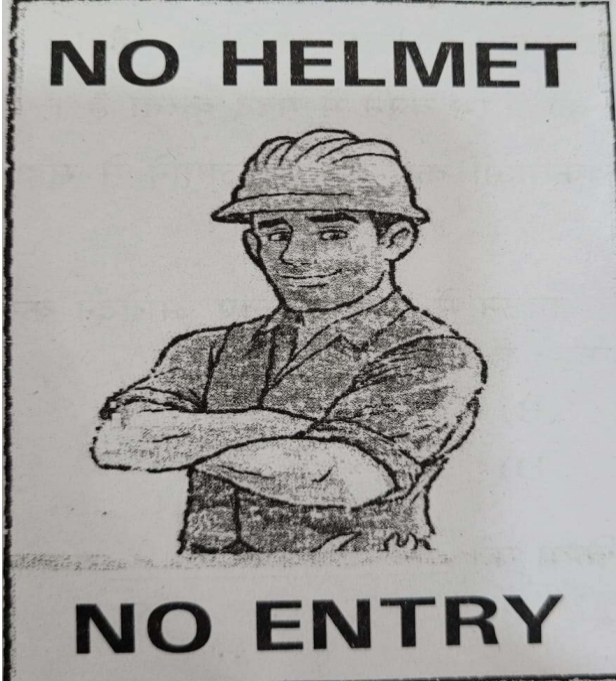
General Instructions:

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($\sqrt{}$) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (\checkmark)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 /2 /1	MARKING SCHEME– 2024 BUSINESS STUDIES -054 66/2/2 EXPECTED ANSWERS / VALUE POINTS	Marks
1	<p>Q. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Decentralization is an optional policy decision.</p> <p>Reason (R): It is done at the discretion of the top management.</p> <p>Alternatives:</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
2	<p>Q. 'Lack of confidence of superior in his subordinates' is one of the barriers of communication. Identify the communication barrier:</p> <p>(A) Personal barrier</p> <p>(B) Psychological barrier</p> <p>(C) Semantic barrier</p> <p>(D) Organizational barrier</p> <p>Ans. (A) Personal barrier</p>	1 mark
3	<p>Q. _____ is the process of holding securities in an electronic form.</p> <p>(A) Rolling Settlement</p> <p>(B) Registration</p> <p>(C) Dematerialization</p> <p>(D) Depository</p> <p>Ans. (C) Dematerialization</p>	1 mark

4	<p>Q. 'Lens-o' was started as an online eyewear company selling glasses and contact lenses on their website. Recently, it set up a uniquely designed offline store, so that customers can also buy their products from the company showroom.</p> <p>Which channel of distribution is used by the company:</p> <p>(A) Zero level channel (B) One level channel (C) Two level channel (D) Three level channel</p> <p>Ans. (A) Zero level channel</p>	1 mark
5	<p>Q. Akash Mehra is the Marketing Manager of 'Kedanta Enterprises'. He gives orders and expects his subordinates to obey those orders. Communication is only one-way with the subordinates only acting according to the command given by him.</p> <p>Identify the leadership style of Akash Mehra:</p> <p>(A) Authoritative (B) Participative (C) Free-rein (D) Pragmatic</p> <p>Ans. (A) Authoritative</p>	1 mark
6	<p>Q. The selection tests which are used to measure individual's potential for learning new skills are called:</p> <p>(A) Aptitude Tests (B) Intelligence Tests (C) Personality Tests (D) Interest Tests</p> <p>Ans. (A) Aptitude Tests</p>	1 mark
7	<p>Q. 'Increase in profit earned by equity shareholders due to the presence of fixed financial charges like interest' is referred to as:</p> <p>(A) Capital structure (B) Financing decision (C) Return on Investment (D) Trading on equity</p>	

	Ans (D) Trading on equity	1 mark
8	<p>Q. 'JKSD India Ltd.' recently introduced a new range of 'fresh from kitchen' jams, ketchups, salad dressings and peanut butter, etc. They appointed salespersons to contact prospective customers in leading malls to create awareness about their products and develop product preferences with the aim of making sales.</p> <p>Which tool of promotion is being used by 'JKSD India Ltd.' to market its products:</p> <p>(A) Advertising (B) Personal Selling (C) Sales Promotion (D) Public Relations</p> <p>Ans. (B) Personal Selling</p>	1 mark
9	<p>Q. 'Vishesh Constructions', a construction company, decided to strictly implement 'No Helmet, No Entry' and put the following sign at their construction sites:</p>  <p>Identify the type of plan indicated by the above sign:</p> <p>(A) Policy (B) Rule</p>	

	<p>(C) Method (D) Programme</p> <p>Ans. (B) Rule</p>	1 mark
10	<p>Q. _____ is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.</p> <p>(A) Training (B) Selection (C) Development (D) Recruitment</p> <p>Ans. (D) Recruitment</p>	1 mark
11	<p>Q. Which of the following is <i>not</i> a feature of marketing:</p> <p>(A) Needs and wants (B) Storage and warehousing (C) Customer value (D) Creating a market offering</p> <p>Ans. (B) Storage and warehousing</p>	1 mark
12	<p>Q. Financial market allocates or directs funds available for investment into the most productive investment opportunity. In doing so, it performs the _____ function.</p> <p>(A) Creative (B) Exchange (C) Allocative (D) Productive</p> <p>Ans (C) Allocative</p>	1 mark
13	<p>Q. 'A public issue of equity may reduce the management holding in the company and make it vulnerable to takeover. This factor also influences the choice between debt and equity, especially in companies in which the current holding of management is on a lower side.'</p> <p>The factor affecting choice of capital structure discussed in the above case is:</p>	

	<p>(A) Flexibility (B) Cost of debt (C) Cost of equity (D) Control</p> <p>Ans. (D) Control</p>	1 mark
14	<p>Q. From the following, choose the <i>incorrect</i> statement about the importance of 'Directing' function of management:</p> <p>A) Directing helps to initiate action by people in the organization towards attainment of desired objectives. (B) Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organization's performance. (C) Directing facilitates introduction of needed changes in the organization. (D) Directing helps in estimating manpower requirements for the organization.</p> <p>Ans. (D) Directing helps in estimating manpower requirements for the organization.</p>	1 mark
15	<p>Q. Sudha and Shweta were twin sisters. After completing their education from college, they decided to start a business. As they were Commerce students, they knew the importance of deciding in advance 'what to do' and 'how to do'. It was very challenging for them as this decision was to guide all their future actions. While discussing the same with their mother, they got a new idea of starting a 'Cloud Kitchen'. Both the sisters were very excited to start this. The idea took the shape of a concrete plan and within a month, they were successful in starting their 'Cloud Kitchen.'</p> <p>Identify the point of importance of planning highlighted in the above case:</p> <p>(A) Planning reduces the risk of uncertainty. (B) Planning promotes innovative ideas. (C) Planning establishes standards for controlling. (D) Planning reduces overlapping and wasteful activities.</p> <p>Ans. (B) Planning promotes innovative ideas.</p>	1 mark

16	<p>Q. A name, term, symbol, design, or some combination of these, used to identify the products, goods or services of one seller or group of sellers and to differentiate them from those of the competitors is known as:</p> <p>(A) Brand (B) Trade Mark (C) Brand Name (D) Brand Mark</p> <p>Ans. (A) Brand</p>	1 mark
17	<p>Q. Sunita opened her travel agency named 'Sunita Travels' in July, 2023. She created separate departments for reservations, hotel bookings, online queries and payment handling. Which organisation structure is used by Sunita:</p> <p>(A) Functional structure (B) Divisional structure (C) Informal structure (D) Vertical structure</p> <p>Ans. (A) Functional structure</p>	1 mark
18	<p>Q. Statement I: Controlling ensures that activities in an organization are performed as per the plans. Statement II: Controlling function of a manager is a pervasive function.</p> <p>Choose the correct option from the options given below:</p> <p>(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
19	<p>Q. Sushant was an able Project Manager at 'Keiro Ltd.' Sushant's Head, Naveen handed over a new project to Sushant. Sushant already had enough work in hand. So, Sushant decided to divide the work assigned to him, among three of his subordinates. He himself kept that part of the work which he himself could perform effectively and got his</p>	

	<p>subordinates to help him with what remained. The project got completed well in time because of this. The concept of management used by Sushant to complete the project was:</p> <p>(A) Delegation (B) Decentralization (C) Accountability (D) Authority</p> <p>Ans. (A) Delegation</p>	1 mark										
20	<p>Q. Match the Marketing Management philosophies given in Column I with their main focus given in Column II:</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>1. Production concept</td><td>i) Customers' needs</td></tr><tr><td>2. Product concept</td><td>ii) Quality, performance and features of product.</td></tr><tr><td>3. Marketing concept</td><td>iii) Customers' needs and societal well-being.</td></tr><tr><td>4. Societal Marketing concept</td><td>iv) Quantity of product</td></tr></table> <p>Choose the correct option from the following:</p> <p>(A) 1-(i), 2-(ii), 3-(iii), 4-(iv) (B) 1-(ii), 2-(iii), 3-(i), 4-(iv) (C) 1-(iv), 2-(ii), 3-(i), 4-(iii) (D) 1-(ii), 2-(iv), 3-(i), 4-(iii)</p> <p>Ans. (C) 1-(iv), 2-(ii), 3-(i), 4-(iii)</p>	Column I	Column II	1. Production concept	i) Customers' needs	2. Product concept	ii) Quality, performance and features of product.	3. Marketing concept	iii) Customers' needs and societal well-being.	4. Societal Marketing concept	iv) Quantity of product	1 mark
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21	<p>Q. a) State any three 'regulatory functions' of Securities and Exchange Board of India.</p> <p>Ans(a). Regulatory functions of SEBI: (Any three)</p> <p>1. Registration of brokers and sub-brokers and other players in the market.</p>											

	<p>2. Registration of collective investment schemes and Mutual Funds.</p> <p>3. Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market.</p> <p>4. Regulation of takeover bids by companies.</p> <p>5. Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.</p> <p>6. Levying fee or other charges for carrying out the purposes of the Act.</p> <p>7. Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India.</p> <p style="text-align: center;">OR</p> <p>(b) State any three objectives of Securities and Exchange Board of India.</p> <p>Ans (b). Objectives of SEBI: (Any three)</p> <p>1. To regulate stock exchanges and the securities industry to promote their orderly functioning.</p> <p>2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them.</p> <p>3. To prevent trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation.</p> <p>4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</p>	<p>1x3 = 3 marks</p> <p>1x3 = 3 marks</p>
22	Q. After studying Entrepreneurship in Class XII, Neel completed a baking course and started a bakery, 'Cakes and	

	<p>Bakes'. He set a target of earning a modest 10% return on investment in the first year. As he was supplying healthy bakery products, the demand kept increasing. 'Cakes and Bakes' became a famous bakery in a year. He now wanted to develop a plan to define the direction and scope of 'Cakes and Bakes' for the long run. He made a marketing plan to decide if he could charge higher price to improve his return on investment, how to advertise the products, etc.</p> <p>Quoting lines from the above paragraph, identify and explain two types of plans discussed in the above case.</p> <p>Ans. Two types of plans are:</p> <p>i) Objective</p> <p><i>'He set a target of earning a modest 10% return on investment in the first year.'</i></p> <p>An objective is the end which the management seeks to achieve.</p> <p>An objective need to be expressed in specific terms and is to be achieved within a given time period</p> <p>ii) Strategy</p> <p><i>'He now wanted to develop a plan to define the direction and scope of 'Cakes and Bakes' for the long run.'</i></p> <p>A strategy is a comprehensive plan for accomplishing an organisation's objectives. Whenever a strategy is formulated, the business environment needs to be taken into consideration.</p>	<p>½ mark for quoting+ ½ mark for identifying+ ½ mark for explaining</p> <p>=</p> <p>1 ½ x2</p> <p>=</p> <p>3 marks</p>
23	<p>Q. Piyush is the Production Manager of a shoe company called 'Comforty'. He has 1000 workers working 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 20% profit margin. The 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 ₹600. He tried to find out the reason, but he couldn't. He reported it to the Chief Executive Officer. The Chief Executive Officer appointed Abhay to find out the cause. Abhay was not only a specialized Cost Accountant, but also a qualified Human Resource</p>	

	<p>Manager. After two days, Abhay reported that the set targets could be completed with the help of only 800 workers, which revealed that there was overmanning in the organisation. The organization was not utilizing the human resources optimally, which had led to higher labour cost.</p> <p>The above case highlights one of the points of importance of an important function of management.</p> <p>(i) Identify the function of management.</p> <p>(ii) State any two points of importance of the function of management identified in part (i), except the one discussed in the above case.</p> <p>Ans. (i) Controlling</p> <p>(ii) Importance of controlling: (Any two)</p> <p>(a) It <u>ensures order and discipline</u> among employees by keeping a close check on their activities.</p> <p>(b) 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>(c) It <u>facilitates coordination in action</u> as each department in 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</p> <p>1x2</p> <p>=</p> <p>2 marks</p> <p>1+2</p> <p>=</p> <p>3 marks</p>
24	<p>Q. (a) Explain any three points of importance of 'Controlling' function of management.</p> <p>Ans. (a) Importance of Controlling : (Any three with explanation)</p> <p>(i) Accomplishing organisational goals.</p> <p>(ii) Making efficient use of resources.</p> <p>(iii) Ensuring order and discipline.</p>	<p>½ mark for heading + ½ mark for explanation</p>

	<p>4. Planning is forward-looking while controlling is looking back.</p> <p>Planning involves looking ahead as plans are prepared for future and are based on forecasts about future conditions. On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, controlling is looking back.</p> <p>5. Controlling is forward-looking while planning is looking back.</p> <p>The corrective action in controlling seeks to improve the performance in the future or to revise future plans. So, controlling is also forward looking. However, planning is guided by past experiences and the corrective action initiated by control function aims to improve future performance. Thus, planning is also looking back.</p>	
25	<p>Q. 'VBR Cinema', an Indian multiplex cinema hall was the first to recognize the change in consumption habits of people. It changed its food menu from burgers, pizza, soft drinks, etc. and switched over to healthier options like salads and smoothies, soups and anjeer-based sweets. Within a month, the revenue of the multiplex from sale of food items doubled. 'VBR Cinema', by continuously monitoring the environment and adopting suitable business practices, was able to improve its revenues and profits and was hopeful that it will continue to succeed in the market in the long run too.</p> <p>Identify and explain one dimension of business environment and one point of importance of understanding the business environment highlighted in the above case.</p> <p>Ans. Dimension of Business Environment-</p> <p>Social Environment-</p> <p>The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc.</p>	<p>1 mark for identifying dimension + 1 mark for explanation = 2marks</p>

	<p>Importance of understanding the business environment highlighted above-</p> <p>It helps to improve performance-</p> <p>The enterprises that continuously monitor their environment and adopt suitable business practices are the ones which not only improve their present performance but also continue to succeed in the market for a longer period.</p>	<p>1 mark for identifying importance+ 1 mark for explanation</p> <p>=2 marks</p> <p>=2+2</p> <p>= 4 marks</p>
26	<p>Q.(a) Explain any four advantages of external sources of recruitment.</p> <p>Ans. (a) Advantages of external sources of recruitment: (with explanation)</p> <p>(i) Qualified Personnel (ii) Wider Choice (iii) Fresh Talent (iv) Competitive Spirit</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>(b) Explain 'Direct Recruitment' and 'Casual Callers' as external sources of recruitment.</p> <p>Ans. (b) Direct Recruitment</p> <ul style="list-style-type: none"> • A notice is placed on the notice-board of the enterprise specifying the details of the jobs available. Unskilled or semi-skilled job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. • It is very inexpensive as it does not involve any cost of advertising the vacancies. 	<p>½ mark for heading+ ½ mark for explanation</p> <p>=</p> <p>1x4=</p> <p>4 marks</p> <p>2 marks</p>

	<p>Casual Callers:</p> <ul style="list-style-type: none"> Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise. It reduces the cost of recruiting workforce. 	<p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>
27	<p>(a) Explain the following factors affecting the requirements of fixed capital:</p> <p>(i) Technology upgradation</p> <p>(ii) Choice of technique</p> <p>Ans.(a) (i) Technology upgradation</p> <ul style="list-style-type: none"> In certain industries, assets become obsolete sooner and their replacements become due faster. Higher investment in fixed assets may, therefore, be required in such cases. <p>(ii) 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 manual labour. The requirement of fixed capital for such organisations would be higher. Labour intensive organisations on the other hand require less investment in fixed assets. Hence, their fixed capital requirement is lower. <p style="text-align: center;">OR</p> <p>(b) Explain the following factors affecting dividend decision:</p> <p>(i) Stability of earnings</p> <p>(ii) Taxation policy</p> <p>Ans. (b) (i) Stability of earnings</p> <ul style="list-style-type: none"> Other things remaining the same, a company having stable earning is in a better position to declare higher dividends. 	<p>2 marks</p> <p>2 marks</p> <p>=</p> <p>2+2</p> <p>=4 marks</p> <p>2 marks</p>

	<ul style="list-style-type: none"> As against this, a company having unstable earnings is likely to pay smaller dividend. <p>(ii) Taxation policy</p> <ul style="list-style-type: none"> If tax on dividend is higher, it is better to pay less by way of dividends. As compared to this, higher dividends may be declared if tax rates are relatively lower. 	<p>2 marks</p> <p>=</p> <p>2+2</p> <p>=</p> <p>4 marks</p>												
28	<p>Distinguish between 'Money Market' and 'Capital Market' on the following basis:</p> <p>(i) Participants</p> <p>(ii) Instruments</p> <p>(iii) Duration</p> <p>(iv) Liquidity</p> <p>Ans. Difference between Money Market and Capital Market</p> <table border="1"> <thead> <tr> <th>Basis</th><th>Money market</th><th>Capital Market</th></tr> </thead> <tbody> <tr> <td>i Participants</td><td>The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.</td><td>The participants are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public.</td></tr> <tr> <td>ii Instruments</td><td>The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills, commercial paper and certificates of deposit.</td><td>The main instruments traded in the capital market are – equity shares, debentures, bonds, preference shares etc.</td></tr> <tr> <td>(iii) Duration</td><td>Money market instruments have a maximum tenure of one year, and may even be issued for a single day.</td><td>The capital market deals in medium and long term securities such as equity shares and debentures.</td></tr> </tbody> </table>	Basis	Money market	Capital Market	i Participants	The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.	The participants are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public.	ii Instruments	The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills, commercial paper and certificates of deposit.	The main instruments traded in the capital market are – equity shares, debentures, bonds, preference shares etc.	(iii) Duration	Money market instruments have a maximum tenure of one year, and may even be issued for a single day.	The capital market deals in medium and long term securities such as equity shares and debentures.	<p>1x4</p> <p>=</p> <p>4 marks</p>
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(iv) Liquidity	It has higher degree of liquidity.	It has lesser liquidity.			
29	<p>Q. 'Inaya Ltd.' is a multinational technology company focusing on artificial intelligence, online advertising and search engine technology. The company is generating good profits and takes care of the well-being of its staff. The company offers benefits like car allowance, medical aid and allowance for children's education to all employees above the Manager's level. It regularly contributes towards the Employees' Provident Fund and pays gratuity on retirement to its employees. Under a special incentive scheme, the employees are offered shares of 'Inaya Ltd.' at a set price which is lower than the market price. Each year, the company keeps aside funds to pay one percent of base salary as bonus to its employees. No wonder 90% of the employees would recommend working at 'Inaya Ltd.' to a friend. Explain four incentives being provided by 'Inaya Ltd.' to motivate their employees for better performance.</p> <p>Ans. Incentives provided by 'Inaya Ltd.' to motivate their employees for better performance are:</p> <p>(i) Perquisites:</p> <p>Perquisites such as car allowance, housing and medical aid etc., are offered to employees over and above the salary to provide motivation to them.</p> <p>(ii) Retirement benefits:</p> <p>Retirement benefits such as provident fund, pension and gratuity, which provide financial security to employees after their retirement, act as an incentive when they are in service in the organisation.</p> <p>(iii) Stock option/Co-partnership</p> <p>Co-partnership/stock option is an incentive in which employees are offered company shares at a set price, which is lower than market price, to create a feeling of ownership and make them contribute for the growth of the organisation.</p>	<p>½ mark for heading and ½ mark for explanation</p> <p>=</p> <p>1x4</p> <p>=</p> <p>4 marks</p>			

	<p>(iv) Bonus: Bonus is an incentive offered over and above the wages/salaries to the employees for higher performance.</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>	
30	<p>Q. Ashwin was a fashion designer. On losing his job, he decided to sell the designer clothes online under the brand name 'Kogue. The garments were made of good quality fabric with intricate designs and skilled craftsmanship, making them expensive to produce. Realizing that the online market is very competitive, he decided to charge areasonable price for the garments. The price would cover the cost of production and sale of garments as well as give him 10% margin over and above the cost.</p> <p>Identify and explain two factors affecting the price determination discussed in the above case.</p> <p>Ans. Following are the two factors affecting the price determination:</p> <p>(i) Product cost</p> <p>The cost sets the minimum level or the floor price at which the product may be sold. Generally, all marketing firms strive to cover all their costs, at least in the long run. In addition, they aim at earning a margin of profit over and above the costs.</p> <p>(ii) Extent of competition in the market</p> <p>The price will tend to reach the upper limit in case there is lesser degree of competition while under conditions of free competition, the price will tend to be set at the lowest level. Competitors' prices, their anticipated reactions, quality and features of the competitive products must be considered before fixing the price of a product.</p>	<p>$\frac{1}{2}$ mark for identifying + 1 $\frac{1}{2}$ mark for explanation = 2+2 = 4 marks</p>
31	<p>Q. Ashish wanted to purchase one LCD TV for his home. He decided to go to various stores selling electronic items to check the available varieties of different brands. One of his friends took him to a manufacturer selling LCD TV at almost half the price. The manufacturer described its various features and</p>	

	<p>insisted that Ashish buys the LCD TV from him. Seeing the features, Ashish decided to buy the TV from him, even when the TV was not having any standardisation mark on it. When Ashish asked for the cash memo, the manufacturer discouraged him, saying that it will attract additional tax. He further told Ashish not to worry and promised that if there would be any problem with the TV, he would replace it immediately. The TV started malfunctioning within a month and Ashish asked for its replacement. The manufacturer refused to replace the LCD TV, telling him that the problem is due to mishandling of the TV. Ashish decided to file a complaint in the Consumer Court against the manufacturer.</p> <p>(i) Identify and explain two consumer rights discussed in the above case.</p> <p>(ii) State two consumer responsibilities that Ashish did not fulfil while buying the LCD TV.</p> <p>Ans. (i) Consumer Rights (Any two)</p> <ul style="list-style-type: none"> • Right to choose/Right to be assured- The consumer has the freedom to access variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these. • Right to be heard- The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. • Right to safety- The consumer has a right to be protected against goods and services which are hazardous to life, health and property. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications. <p>(ii) Consumer responsibilities not fulfilled by Ashish (Any two)</p>	<p>1 mark for identifying + 1 mark for explanation</p> <p>=2x2</p> <p>= 4 marks</p> <p>1 x 2</p>
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	<ul style="list-style-type: none"> • Buy only standardised goods as they provide quality assurance. • Ask for a cash memo on purchase of goods or services. • Be honest in your dealings. 	<p>=2 marks</p> <p>4+2</p> <p>=6 marks</p>
32	<p>Q. (a) Explain the following principles of general management:</p> <p>(i) Unity of command</p> <p>(ii) Equity</p> <p>(iii) Initiative</p> <p>Ans. (a) (i) Unity of command</p> <ul style="list-style-type: none"> • There should be one and only one boss for every individual employee. • Dual subordination should be avoided to prevent confusion regarding tasks to be done. <p>(ii) Equity</p> <ul style="list-style-type: none"> • This principle emphasises kindness and justice in the behaviour of managers towards workers. • There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc. <p>(iii) Initiative</p> <ul style="list-style-type: none"> • Initiative means taking the first step with self-motivation. It is thinking out and executing the plan and should be encouraged. • A good company should have an employee suggestion system whereby initiative/suggestions which result in substantial cost/time reduction should be rewarded. <p style="text-align: center;">OR</p> <p>(b) Explain the following points of significance of principles of management:</p> <p>(i) Meeting changing environment requirements</p> <p>(ii) Management training, education and research</p>	<p>2 marks</p> <p>2 marks</p> <p>2 marks</p> <p>=</p> <p>2+2+2</p> <p>=6 marks</p> <p>OR</p>

	<p>(iii) Optimum utilisation of resources and effective administration</p> <p>Ans. (b) (i) Meeting changing environment requirements</p> <ul style="list-style-type: none"> • The principles are in the nature of general guidelines but they are modified and help managers to meet changing requirements of the environment. • Management principles are flexible to adapt to dynamic business environment. <p>(ii) Management training, education and research</p> <ul style="list-style-type: none"> • Principles of management are at the core of management theory and are used as a basis for management training, education and research. • They provide basic groundwork for the development of management as a discipline and are part of curriculum for professional managerial courses. <p>(iii) Optimum utilisation of resources and effective administration</p> <ul style="list-style-type: none"> • Resources both human and material available with the company are limited and have to be used in such a manner that they should give maximum benefit with minimum cost. • Principles of management limit the boundary of managerial discretion so that their decisions may be free from personal prejudices and biases. 	<p>2</p> <p>2</p> <p>2</p> <p>=</p> <p>2x3</p> <p>=6 marks</p>						
33	<p>Q. (a) Distinguish between 'Functional Structure' and 'Divisional Structure' on any six bases.</p> <p>Ans(a). Difference between Functional Structure and Divisional Structure</p> <table border="1"> <thead> <tr> <th>Basis</th><th>Functional structure</th><th>Divisional structure</th></tr> </thead> <tbody> <tr> <td> </td><td> </td><td> </td></tr> </tbody> </table>	Basis	Functional structure	Divisional structure				
Basis	Functional structure	Divisional structure						

Formation	It's formation is based on functions.	It's formation is based on product lines supported by functions	1x6 = 6 marks
Specialisation	It leads to Functional specialisation.	It leads to product specialisation.	
Responsibility	Difficult to fix responsibility.	Easy to fix responsibility.	
Cost	It is economical	It is costly.	
Coordination	Coordination is difficult for a multiproduct company	Coordination is easy for a multiproduct company.	
Managerial Development	Managerial development is difficult, as each functional manager has to report to the top management.	Managerial development is easier. Autonomy as well as the chance to perform multiple functions helps in managerial development.	

OR

(b) Explain any four limitations of 'Planning' function of management.

Ans. Limitations of Planning (**Any four with explanation**):

- (i) Planning leads to rigidity
- (ii) Planning may not work in a dynamic environment
- (iii) Planning reduces creativity
- (iv) Planning involves huge costs
- (v) Planning is a time-consuming process
- (vi) Planning does not guarantee success

(If the examinee has not given the heading as above but has given the correct explanation, full credit should be given)

½ mark for heading+
1mark for explanation
=
1 ½ x4
=6 marks

34	<p>Q. Nalini has an online flower and gifts retail business. She has eight outlets in four cities of India. From November to February, during the wedding season, the demand shoots up. She coordinates the efforts of her staff in a conscious and deliberate manner and plans for the wedding season demand in the month of June itself. She ensures that there is adequate workforce and continuously monitors whether work is proceeding according to plans. She also briefs the marketing department in time to prepare their promotional and advertising campaigns. Thus, her coordination with all departments of the organization begins at the planning stage and continues till controlling. This acts as a binding force between the departments and ensures that all action is aimed at achieving organizational goals. As a result, Nalini is able to give a common focus to group effort to ensure that the business is performing as planned, year after year. Quoting lines from the above paragraph, identify and explain four features of an important concept of management highlighted in the above case.</p> <p>Ans. Features of coordination :</p> <p>(i) Coordination is a deliberate function.</p> <p><i>‘She coordinates the efforts of her staff in a conscious and deliberate manner and plans for the wedding season demand in the month of June itself.’</i></p> <p>A manager has to coordinate the efforts of different people in a conscious and deliberate manner.</p> <p>(ii) Coordination is a continuous process.</p> <p><i>‘Thus, her coordination with all departments of the organization begins at the planning stage and continues till controlling.’</i></p> <p>Coordination is not a one-time function but a continuous process which begins at the planning stage and continues till controlling.</p> <p>(iii) Coordination ensures unity of action</p>	<p>½ mark for quote+ ½ mark for heading+ ½ mark for explanation =</p> <p>1 ½ x4</p> <p>= 6 marks</p>
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	<p><i>'This acts as a binding force between the departments and ensures that all action is aimed at achieving organizational goals.'</i></p> <p>The purpose of coordination is to secure unity of action in the realisation of a common purpose.</p> <p>(iv) Coordination integrates group efforts</p> <p><i>'Nalini is able to give a common focus to group effort to ensure that the business is performing as planned, year after year.'</i></p> <p>Coordination unifies unrelated or diverse interests into purposeful work activity.</p> <p><i>(If an examinee has given the correct statement without giving the headings, full marks for each statement is to be awarded)</i></p>	
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