

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

General Instructions:

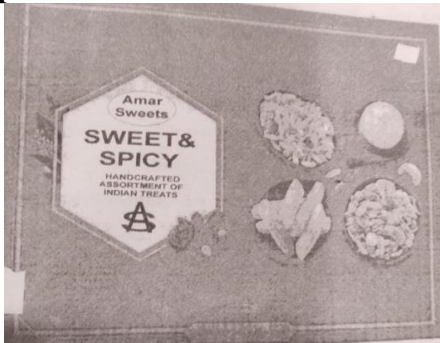
1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested 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	Ensure that you do not make the following common types of errors committed by the Examiner in the past:- ● 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

1	Q. To motivate its employees on one side, 'Harshita Pearls' rewards them with increase in pay, promotion, recognition, etc. whereas on the other side it stops increments, gives punishment, threatens employees so that they may act in a desired manner. Which feature of motivation is being highlighted in the above case ? (A) Motivation is a complex process. (B) Motivation is an internal feeling. (C) Motivation can be either positive or negative. (D) Motivation produces goal-directed behaviour. Ans. (C) Motivation can be either positive or negative.	1 Mark
2	Q. 'Bonfast Cement Ltd.' supports 7 villages with housing facilities, schools, safe drinking water, health and hygiene. The company sends its employees to visit a nearby village every 15 days to provide support and to see whether the facilities provided are being implemented on ground. The objective which 'Bonfast Cement Ltd.' is trying to achieve is: (A) Personal objective (B) Social objective (C) Organizational objective (D) Economic objective Ans. (B) Social objective	1 Mark
3	Q. 'Maslow's Need Hierarchy theory' is based on certain assumptions. Identify the incorrect statement with respect to these assumptions: (A) People's behaviour is based on their needs. (B) A satisfied need can no longer motivate a person. (C) People's needs are in a hierarchical order, starting from basic needs to higher level needs. (D) A person moves to lower level of need only when a higher-level need is satisfied. Ans. (D) A person moves to lower level of need only when a higher-level need is satisfied.	1 Mark
4	Q. _____ is concerned with designing jobs that include greater variety of work content, require higher level of	

	knowledge and skill, and give workers more autonomy and providing them opportunity for personal growth and a meaningful work experience. (A) Job security (B) Perquisites (C) Employee recognition programme (D) Job enrichment Ans. (D) Job Enrichment	1 Mark
5	Q. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from the options given below: Assertion (A): When the allocative function is performed well, scarce resources are allocated to those firms which have the highest productivity for the economy. Reason (R): Allocative function allocates or directs funds into their most productive investment opportunity. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true. Ans. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 Mark
6	Q. In the _____ a securities account can be opened, all shares can be deposited in it. These can be withdrawn/sold at any time and instruction to deliver or receive shares on behalf of the investor can be given. (A) Primary market (B) Stock exchange (C) Bank (D) Depository Ans. (D) Depository.	1 Mark
7	Q. Match the Levels of Management given in Column I with the functions performed at each level given in Column II:	

		Column I		Column II		
	1	Top Level Management	(i)	They directly oversee the efforts of the workforce		
	2	Middle Level Management	(ii)	They ensure that their department has the necessary personnel		
	3	Operational Management	(iii)	They are responsible for the welfare and survival of the organisation.		
	Choose the correct option from the following: (A) 1-(i), 2-(ii), 3-(iii) (B) 1-(iii), 2-(ii), 3-(i) (C) 1-(iii), 2-(i), 3-(ii) (D) 1-(ii), 2-(iii), 3-(i) Ans. (B) 1-(iii), 2-(ii), 3-(i)					1 Mark
8	Q. Which of the following statements is <i>not</i> highlighting the importance of financial planning: (A) It helps in forecasting what may happen under different business situations. (B) It helps in avoiding business shocks and surprises and helps the company in preparing for the future. (C) It provides a link between investment and financing decisions on a continuous basis. (D) Detailed plans of action prepared under financial planning increases waste, duplication of efforts and gaps in planning. Ans. (D) Detailed plans of action prepared under financial planning increases waste, duplication of efforts and gaps in planning.					1 Mark
9	Q. From the following, identify the one which is not a function of stock exchange: (A) Providing liquidity and marketability to existing securities					

	(B) Spreading of equity cult (C) Ensuring safety of transactions (D) Ensuring that there is no scope for speculation Ans. (D) Ensuring that there is no scope for speculation.	1 Mark
10	Q. Identify from the following what is depicted in the given picture:  (A) Trade Mark only (B) Brand Name only (C) Brand Mark only (D) Both Brand Name and Brand Mark Ans. (D) Both Brand Name and Brand Mark.	1 Mark
11	Q. Due to increasing presence of women in the workforce, Kisan Mart' comes out every Friday with big discount offers on daily use items to attract office-going women to shop on weekends. Which dimension of business environment is being highlighted in the above case? (A) Social environment (B) Legal environment (C) Political environment (D) Technological environment Ans. (A) Social environment	1 Mark
12	Q. Statement 1: The objective of financial management is to maximize shareholders' wealth. Statement II: The shareholders gain if the value of shares in the market increases. 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. Ans. (C) Both the Statements are true.	1 Mark
13	Q. 'Panmol Dairy' started using environment-friendly 'Bilona' method of making ghee, unlike other dairies which were using modern methods involving machines and chemicals. By doing this, Panmol Dairy is providing employment to hundreds of illiterate people in the rural areas. Which objective of management is Panmol Dairy' trying to achieve: (A) National objective (B) Personal objective (C) Social objective (D) Economic objective Ans. (C) Social objective	1 Mark
14	Q. The legal framework in India requires the manufacturers to provide information about ingredients, date of manufacture, quantity, price, directions for use, etc., on the label of the product. From the following, identify the consumer right that is satisfied by the firm by fulfilling the requirement: (A) Right to safety (B) Right to be informed (C) Right to be assured (D) Right to be heard Ans. (B) Right to be informed.	1 Mark
15	Q. 'Mudro Infratech' got a short-term contract for building two villas within a period of ten months with the expectation to earn a huge amount of profit. The Works Manager accepted this challenge and completed the work within the given time period. The profit of the company went up by 40% due to this temporary order. The Finance Manager was aware that the company would not earn this huge profit in the near future. So, he decided not to increase dividend per share as earnings for the year had gone up, but not the earning potential of the company. He	

	also knew that this increase in earnings was temporary in nature. The factor affecting Dividend Decision being highlighted above is: (A) Cash flow position (B) Shareholders' preference (C) Growth opportunities (D) Stability of dividends Ans.(D) Stability of dividends	1 Mark
16	Q. Niyati is working as a teacher in a school in Mansarovar Garden. She always tells the children at the school not to pollute the environment, and not to throw wrappers of chips and chocolates here and there. She always carries a bag with her to collect the wrappers and put them in the dustbin. By doing this, which responsibility of a consumer is she discharging: (A) Reading labels carefully (B) Asserting to get a fair deal (C) Respecting the environment (D) Being honest in the dealings Ans. (C) Respecting the environment.	1 Mark
17	Q. Statement 1: Leadership indicates the ability of an individual which influences the behaviour of others. Statement II: Leadership is exercised to achieve personal goals of the leader. 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. Ans. (A) Statement I is true and Statement II is false.	1 Mark
18	Q. Most of the organizations these days have adapted themselves to changing environment. To reach and engage with the target customers, they started to have a strong presence on social media like Facebook, Instagram, etc. From the following, identify the feature of management being highlighted:	

	(A) Management is a group activity. (B) Management is a continuous process. (C) Management is multidimensional. (D) Management is a dynamic function. Ans. (D) Management is a dynamic function.	1 Mark
19	Q. Raunaq, while studying at the university, felt that there should be a food joint in the university campus to provide food to students round the clock After passing out of college, he set up 'Hunger Point', a food joint with a varied menu ranging from burgers, pizzas, street food and much more, in the university campus. For this, he obtained necessary permissions from the university administration. Since he was the first one to recognize the need for a food joint for all the students in an environment where students study day and night, it soon became a popular eating joint. Within six months, 'Hunger Point' started earning good profits. Identify the point of importance of business environment discussed in the above case: (A) It enables the firm to identify opportunities and get the first mover advantage. (B) It helps the firm to identify threats and early warning signals. (C) It helps in assisting in planning and policy formulation. (D) It helps in improving performance. Ans. (A) It enables the firm to identify opportunities and get the first mover advantage.	1 Mark
20	Q. Choose the incorrect statement with respect to demonetization: (A) The two largest denomination notes of ₹500 and ₹1,000 were demonetized with immediate effect, ceasing to be legal tender except for buying properties. (B) The aim of this step was to curb corruption and accumulation of black money. (C) It led to the tax administration channelizing savings into the formal financial system. (D) Restrictions were placed on the convertibility of domestic money and bank deposits.	

	Ans. (A) The two largest denomination notes of ₹500 and ₹1,000 were demonetized with immediate effect, ceasing to be legal tender except for buying properties.	1 Mark
21	(a) Q. Give the meaning of 'Contract Note' and 'T+2' system in the trading procedure in a stock exchange. Ans. (a) Contract Note Contract note is a document that contains details of the number of shares bought or sold, the price, the date and time of deal and the brokerage charges along with a unique order code assigned to each transaction. After the trade has been executed, within 24 hours the broker issues a Contract Note. T+2 system All trading transactions are to be completed within 2 days delivery of shares and payment received from the buyer is on a T+2 basis, settlement period. Cash is paid or securities are delivered on <u>pay-in day</u>, which is before the T+2 day. On the T+2 day, the exchange will deliver the share or make payment to the other broker. This is called the pay-out day. OR (b) Q. State any three regulatory functions of Securities and Exchange Board of India. Ans. Regulatory Functions (any three) 1. Registration of brokers and sub brokers and other players in the market. 2. Registration of collective investment schemes and Mutual Funds. 3. Regulation of stockbrokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market. 4. Regulation of takeover bids by companies. 5. Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries. 6. Levying fee or other charges for carrying out the purposes of the Act.	1½ x2 = 3 Marks

	7. Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India.	1x3 =3 Marks
22	Q. Neeraj Ltd. started an airline to provide good quality air services. For the same, he purchased ten aircrafts. Out of these, two aircrafts would be used to train the pilots. It will help them to achieve proficiency in handling the aircrafts before they would actually fly them. (i) Identify and explain the method of training discussed above. (ii) State any two advantages the pilots would get from this training. Ans. (i) Vestibule Training • 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. <i>(If the examinee has identified the method of training as <u>Off the Job</u> then only ½ mark has to be awarded)</i> (ii) Advantages to the pilots (any two) (i) Improved skills and knowledge due to training lead to <u>better career of the individual.</u> (ii) Increased performance by the individual <u>help him to earn more.</u> (iii) Training makes the employee more efficient to handle machines thus, <u>less prone to accidents.</u> (iv) Training <u>increases the satisfaction and morale of employees.</u>	1/2 mark for identification + 1/2 Mark for explanation = 1 Mark 2 Marks 1+2 = 3 Marks
23	(a) Q. Explain any three psychological barriers to communication.	

	Ans. Psychological barriers to communication (any three with explanation) 1) Premature evaluation 2) Lack of attention 3) Loss by transmission and poor retention 4) Distrust <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given).</i> OR (b) 'Directing helps in effective and efficient functioning of the organization.' Explain this statement by giving any three points. Ans. Importance of directing (any three with explanation) • <u>Directing helps to initiate action</u>: Directing helps to initiate action by people in the organisation towards attainment of desired objectives. • <u>Directing integrates employees' efforts</u>: Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organisational performance. Thus, it ensures that the individuals work for organisational goals. • <u>Directing guides employees to fully realise their potential</u> : Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership.. • <u>Directing facilitates introduction of needed changes in the organisation</u>: Effective directing through motivation, communication and leadership helps to reduce such resistance. • <u>Effective directing helps to bring stability</u>: Effective directing helps to bring stability and balance in the organisation since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments. <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given).</i>	1/2 mark for heading + 1/2 mark for explanation 1x3marks =3 Marks OR 1x3 Marks = 3 Marks
--	---	--

24	Q. Two ambitious friends, Sana and Mihir, having passion for creating innovative software applications, established a tech startup named 'Quick Solutions'. Their software was developed in such a way that it caters to the needs of all sections. Since its inception, 'Quick Solutions' was earning enough revenue to cover the costs. They faced countless challenges from competing with large and well-established companies. But they learned from their mistakes and continuously improved their product. Slowly, their software gained recognition for its quality and uniqueness and the company started making profits. It was a big incentive for Sana and Mihir for the continued successful operation of the enterprise. Within two years, the customer base increased manifold. Now, Sana and Mihir decided to make additional capital investment and hired more employees. They invested in research and development and expanded their product line to meet emerging market demands. 'Quick Solutions' ultimately became the industry leader because of the tireless efforts of Sana and Mihir. Quoting lines, identify and state the objectives of management discussed in the above case which 'Quick Solutions' seeks to achieve. Ans. Organisational Objectives (i) Survival <i>'Since its inception, 'Quick Solutions' was earning enough revenue to cover the costs'</i> - The basic objective of any business is to ensure that it continues to survive and exist in the future. An organisation must earn enough revenue to cover the costs. (ii) Profit <i>'Slowly, their software gained recognition for its quality and uniqueness and the company started making profits'</i> - Profit provides a vital incentive for the continued successful operation of the enterprise. Profit is essential for covering costs and risks of the business. (iii) Growth <i>'Now, Sana and Mihir decided to make additional capital investment and hired more employees'.</i>	1/2 mark for quoting and identification + 1/2 mark for Explanation
----	---	---

	OR <i>'They invested in research and development and expanded their product line to meet emerging market demand'.</i> Management must exploit the growth potential of the organisation to remain in the industry which can be measured in terms of sales volume, increase in the number of employees.	1x3 = 3 Marks
25	(a) Q. Explain the following functions of marketing: (i) Standardization and Grading (ii) Transportation Ans. (i) Standardisation and Grading - Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output. - Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc. (ii) Transportation - Transportation involves physical movement of goods from one place to the other. - The users of products are widespread and geographically separated. So, transportation is required from the place where they are produced to the place where they are consumed. OR (b) Q. Explain any two components included in physical handling and movement of goods from place of production to the place of distribution. Ans. Components included in physical handling and movement of goods from place of production to the place of distribution (any two with explanation) - Order Processing - Transportation - Warehousing - Inventory Control <i>(If an examinee has not given the heading as above but has given the correct explanation, full credit should be given).</i>	2+2 = 4 Marks ½ Mark for heading + 1½ Marks for explanation 2x2= 4 Marks

26	Q. 'Leno' is a reputed car manufacturing company, which is going to complete its 75 years in October 2024. The Chief Executive Officer of the company decided to take the company to a higher level. For this he called a meeting of all departmental heads of the company. In the meeting, the Chief Executive Officer proposed a target to increase sales by 10% and profits by 20% in its Platinum Jubilee year. The Human Resource Manager estimated that an increase of 500 workers would be required to achieve the target. The Finance Manager suggested that the company must hold adequate cash balances for various purposes, and he will prepare a statement showing the cash inflows and outflows for this particular period. Identify and explain two types of plans discussed in the above case. Ans. Two types of Plans are: (i) Objectives - Objectives, can be said to be the desired future position or the desired ends that the management would like to reach. Objectives are very basic to the organisation. They are usually set by top management of the organisation and focus on broad, general issues. - Objectives need to be expressed in specific terms i.e., they should be measurable in quantitative terms, (ii) Budget - A budget is a statement of expected results expressed in numerical terms quantifying future facts and figures. - A budget is also a control device from which deviations can be taken care of.	1 Mark for identification + 1 Marks for Explanation 2x2 = 4 Marks
27	(a) Q. Explain any four points of importance of 'Planning' function of management. Ans. Importance of Planning function of management: (any four with explanation) 1) Planning provides direction. 2) Planning reduces the risk of uncertainty. 3) Planning reduces overlapping and wasteful activities. 4) Planning promotes innovative ideas.	½ Mark for heading + ½ Marks for Explanation =1x4 Marks

	10) To pay any amount (not less than 5% of the value of the 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. 11) To issue corrective advertisement to neutralise the effect of a misleading advertisement. 12) To pay adequate costs to the appropriate party	1x 4 Marks = 4 Marks
29	Q. Arushi successfully runs a bookstore 'Children's Delight' catering to children of the age group 5-15 years. They have the complete range of children's books like activity books, colouring books, fiction and much more. The books are of good quality and are highly appreciated by schools, parents and children. They have 16 stores all over India, where children can not only purchase the books, but can also come and read, and participate in quiz competitions and experience the joy of reading. They have their own well-managed inventory management, storage, and warehousing to deliver books to locations all over India. The bookstore regularly communicates the availability, features, merits, etc. of the books to target customers and persuades them to buy the books. Quoting lines in the situation, identify and explain the two elements of marketing mix in addition to 'Product' highlighted in the above case. Ans. (i) Place <i>'They have 16 stores all over India'.</i> OR <i>'They have their own well-managed inventory management, storage, and warehousing to deliver books to locations all over India'.</i> • Place or Physical Distribution include activities that make firm's products available to the target customers. • The other decision areas relate to managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.	

	(ii) Promotion <i>'The bookstore regularly communicates the availability, features, merits, etc. of the books to target customers and persuades them to buy the books'.</i> - Promotion of products and services include activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it. - Most marketing organisations use number of tools such as advertising, personal selling and sales promotion techniques.	1/2 Mark for quoting + 1/2 Mark for identification + 1 Mark for explanation 2x2 Marks = 4 Marks
30	Q. Vibhas recently joined as a Human Resource Manager of Bajanta Enterprises'. The company had embarked on a special project for which Vibhas had appointed twenty new employees. After the employees underwent on-the-job training for a month and had been on the job for some time, there was a need to evaluate their performance against certain pre-determined standards. Not only this, 'Bajanta Enterprises' had to address the career related issues and promotional avenues for their employees. Vibhas was designing activities to serve their employees' long-term interests. By doing this, 'Bajanta Enterprises' had completed the two important steps of staffing process. Identify and explain those steps. Ans. Two steps of staffing: (i) Performance Appraisal - Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. - The employee is expected to know what the standards are and the superior is to provide the employee feedback on his/her performance. (ii) Promotion and career planning - Managers need to design activities to serve employees' long-term interests also and encourage employees to grow and realise their full potential. - Promotions are an integral part of people's career where an employee is in position of increased responsibility.	1 Mark for identification + 1 Mark for Explanation 2x2 Marks = 4 Marks

31	(a) Q. Explain the following principles of Scientific Management: (i) Science, Not Rule of Thumb (ii) Cooperation, Not Individualism (iii) Development of Each and Every Person to His/Her Greatest Efficiency and Prosperity Ans.(a) (i) Science, Not Rule of Thumb • It states that there is only one best method to maximise efficiency. This method can be developed through scientific study and analysis of each element of a job and should substitute 'Rule of Thumb'. • The standard method should be followed throughout the organisation. (ii) Cooperation, Not Individualism • There should be complete cooperation between the labour and the management instead of individualism. Competition should be replaced by cooperation. • Management should take workers into confidence before making any important decision. At the same time workers should avoid strikes and unreasonable demands. (iii) Development of Each and Every Person to His and Her Greatest Efficiency and Prosperity • This principle is concerned with efficiency of employees which could be built in right from the process of employee selection. • The work assigned to employees should suit their capabilities. They should be given the required training to increase their efficiency. Efficient employees would produce more and earn more. OR (b) Q. Explain the following points of significance of principles of management (i) Providing managers with useful insights into reality. (ii) Meeting changing environment requirements. (iii) Scientific decisions	2 Marks 2 Marks 2 Marks 2+2+2 = 6 Marks OR
----	--	---

	Ans (i) Providing managers with useful insights into reality - Principles of management provide useful insights into reality by enabling the managers to learn from past mistakes and conserve time by solving recurring problems quickly. - Adherence to the principles will add to their knowledge, ability and understanding of managerial situations and circumstances. (ii) Meeting changing environment requirements. - The principles are in the nature of general guidelines but they are modified to help the managers meet changing requirements of the environment. - Management principles are flexible to adapt to dynamic business environment. (iii) Scientific decisions - 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.	2 Marks 2 Marks 2 Marks 2+2+2 = 6 Marks
32	(a) Q. Explain the following factors affecting the working capital requirement of a company: (i) Level of competition (ii) Production cycle (iii) Scale of operations Ans. Level of competition - An organisation facing tough competition need large amount of working capital to maintain larger inventories. - Competition may also force the firm to extend liberal credit terms. Production Cycle - It is the time span between the receipt of raw material and their conversion into finished goods. - Any organisation having longer processing cycle needs larger amount of working capital as compared to the organisations having shorter processing cycles.	2 Marks 2 Marks

	Scale of Operations • An organisation operating on a higher scale of operation requires larger amount of working capital as in this case the quantum of inventory and debtors is generally high. • Such organisations require large amount of working capital as compared to the organisations which operate on a lower scale. OR (b) Q. Explain the following factors affecting dividend decision of a company (i) Taxation policy (ii) Access to capital market (iii) Contractual constraints. Ans (i) Taxation policy If the dividend distribution tax is levied on the companies is higher it would be better to declare less dividend and vice-versa. (ii) Access to capital market A company having easy access to capital market is a better position to declare higher dividend and vice-versa. (iii) Contractual constraints Sometimes restrictions are imposed by the lenders on the payment of dividend in future and companies have to ensure that these restrictions are not violated.	2 Marks 2+2+2 = 6 Marks OR 2 Marks 2 Marks 2 Marks 2+2+2 = 6 Marks
33	Q. Rewton Ltd. was a reputed computer software company providing unique software all over India. The turnover of the company was very high resulting in good profits. The Chief Executive Officer, Vihaan, was very strict and disciplined. He specified the boundaries of authority and responsibility for achieving organizational goals. There was systematic coordination among the various activities and specific relationships among various job positions. The company provided facilities like a canteen, a gym, a library, a music room, and a rest area for its employees, which they could use during rest intervals. Using these facilities, the employees developed friendships and discussed not only	

	their personal. social and emotional issues, but also the official ones. The General Manager was of a different view. He told the Chief Executive Officer that there was no use providing these facilities to the employees as it is an extra financial burden on the organization on one hand and on the other hand, it encourages groupism and whenever any change is required in the organization, they all resist. He suggested that they should do away with these facilities. But the Chief Executive Officer, Vihaan, explained to the General Manager that this type of social interaction is necessary, and is in the best interest of the organization. These interactions among people at work give rise to a network of social relationships among employees and have many benefits. (i) Identify and explain the type of organisation whose existence the Chief Executive Officer felt was necessary. (ii) State any two advantages and two disadvantages of the type of organization identified in (i) above. Ans. (i) Informal Organisation It is a 'network of social relationships among employees'. It emerges from within the formal organisation when people interact beyond their officially defined roles. (ii) Advantages (any two) 1. As prescribed lines of communication are not followed, It leads to <u>faster spread</u> of information as well as quick feedback. 2. It helps to <u>fulfil the social needs of the members</u> and gives them a sense of belongingness in the organisation. 3. It contributes towards fulfilment of organisational objectives by <u>compensating for inadequacies in the formal organisation</u>. Disadvantages: (any two) 1. <u>An informal organisation spreads rumours and it becomes a destructive force.</u> 2. <u>The management may not be successful in implementing changes</u> if the informal organisation opposes them.	1 Mark for identification + 1 Mark for Explanation + 2 Marks for Advantages + 2 Marks for Disadvantages
--	---	---

	3. <u>It pressurises members to conform to group expectations which may be against organisational interests.</u>	= 6 Marks
34.	Q. Nishtha runs a chain of famous restaurants, 'Indian Kitchen', in different parts of Delhi. The restaurant chain was known for good quality food and quick service. 'Indian Kitchen' was generating good revenue and had goodwill in the market. Nishtha would take a weekly report from all the Restaurant Managers and take necessary action to resolve the problems, if any. Nishtha noticed a sudden decline in sales in one of the restaurants. She questioned the Restaurant Manager who mentioned that the restaurant is seeing a gradual decrease in the number of customers but could not provide a clear explanation for it. So, Nishtha formed a team to find out the causes of the declining customers as this is the key area for restaurant business and is critical to the success of business. By doing this, Nishtha is performing a step of the process of a function of management. i) Identify and explain the function of management discussed above. ii) Explain the step of the function identified in (i) above, followed by Nishtha to find out the causes of declining revenue. iii) Explain the step Nishtha will take after she gets the report from the team formed to find out the causes of declining revenue. Ans. (i) Controlling Controlling means ensuring that activities in an organisation are performed as per the plans. <i>(any other suitable meaning)</i> (ii) Analysing Deviations: Some deviation in performance can be expected in all activities. Critical point control and management by exception should be used by a manager in this regard. 1. <u>Critical Point Control</u> Control should, therefore, <u>focus on key result areas (KRAs)</u> which are critical to the success of an organization. If	1 Mark for identification + 1 Mark for Explanation + 2 Marks +

	anything goes wrong at the critical points, the entire organisation suffers. 2. <u>Management by Exception:</u> <u>An attempt to control everything results in controlling nothing.</u> Thus, significant deviations which go beyond the permissible limits should be brought to the notice of management. However, in case of major deviation from the standard the matter has to receive immediate action of management on a priority basis. (iii) Taking Corrective Action: When the <u>deviations go beyond the acceptable range</u>, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished.	2 Marks = 6 Marks
--	---	---------------------------------