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Senior Secondary School Certificate Examination

March -----2025

Marking Scheme---Business Studies (054) 66/6/3

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.
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

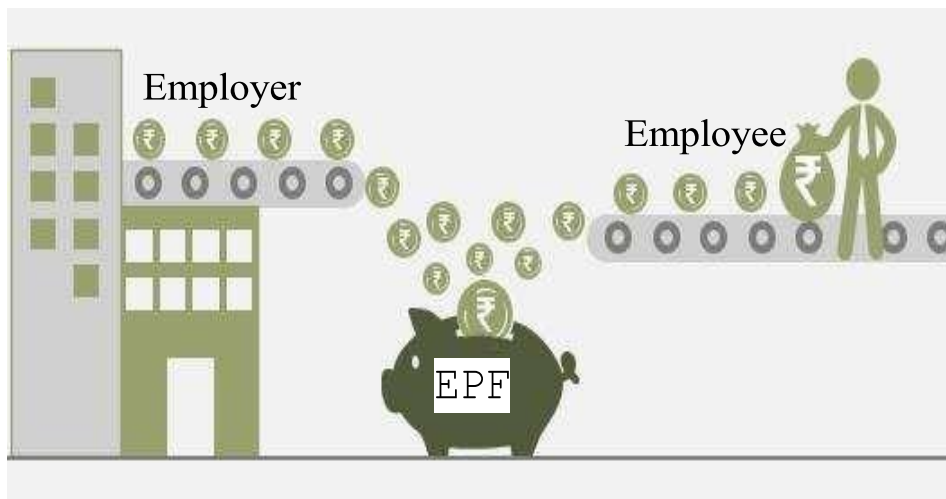
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “ Extra Question ”.
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 0-80 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).
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

6 6 /6 /3	MARKING SCHEME– 2025 BUSINESS STUDIES 66/6/3 EXPECTED ANSWERS / VALUE POINTS	Marks
1	Q. Seeing the increasing demand for automobiles in Buleti, ‘Veso Cars’, a global car manufacturing company planned to expand its operations and sell its cars there. However, the government of Buleti imposed high import duties on foreign made cars to protect local manufacturers from foreign competition. This attitude of the Buleti government towards foreign car manufacturers increased the cost of importing cars, making it less affordable for ‘Veso Cars’ to sell its cars at competitive prices in Buleti. The component of business environment highlighted above is : (A) Political environment (B) Social environment (C) Legal environment (D) Economic environment Ans. (A) Political environment	1mark
2	Q. Identify the <i>incorrect</i> statement with respect to importance of ‘Directing’ : (A) It helps to initiate action. (B) It helps to bring stability and balance in the organisation. (C) It facilitates introduction of needed changes in the organisation. (D) It establishes standards for controlling. Ans. (D) It establishes standards for controlling.	1 mark
3.	Q. ‘Alpha Manufacturing Ltd.’ is a company manufacturing high quality car spare parts. The company has a well-established production	

	line and its products are highly demanded in the market. However, it was noticed that the defect rate in the manufacturing process was higher than the standard of 10 per 1,000 pieces produced. In spite of best efforts, the Production Manager was not able to reduce the defect rate. So, he decided to revise the standards. The step of the controlling process, followed by the Production Manager after not being able to reduce the defect rate, will be: (A) Taking corrective action (B) Measurement of actual performance (C) Analysing deviations (D) Comparing actual performance with standards Ans. (A) Taking corrective action	1 mark
4.	Q. Read the following statements carefully : Statement I : Planning and Controlling are both backward-looking as well as forward-looking functions. Statement II: Planning is prescriptive whereas Controlling is evaluative. In light of given statements, choose the correct alternative from the following: (A)Statement I is true and Statement II is false. (B)Statement I is false and Statement II is true. (C)Both Statement I and Statement II are true. (D)Both Statement I and Statement II are false. Ans. (C) Both Statement I and Statement II are true.	1 mark
5.	Q. Read the following statements : Assertion (A) and Reason (R). Assertion (A): A buyer buys a product or service for what	

	it does for him/her or the benefit it provides to him/her. Reason (R): From the customer's point of view, a product is a bundle of utilities which is purchased because of its capability to provide satisfaction of a certain need. Choose the correct alternative from the options given below : (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 <i>not</i> 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. Raghu, on waking up early in the morning, often complained about back pain. When his pain persisted, he consulted a doctor who advised him to purchase a good quality orthopedic mattress. That would ensure correct spinal alignment and reduce the back pain. Raghu surveyed the market and purchased a good quality orthopedic mattress. As the price of the mattress was very high, he wanted to avoid paying GST. The shopkeeper suggested that he can do so if he does not take a receipt for the purchase of the mattress. Raghu readily agreed for the same. After few months of using the mattress, his back pain recurred. He realised that the mattress had caved in from the centre. He approached the shopkeeper who refused to entertain Raghu. Raghu wanted to approach the court for redressal of his grievance. However, one of his friends told him that he would not be able to do so as he had not fulfilled one of his responsibilities. From the following, identify the responsibility which Raghu failed to fulfill :	

	(A) Respect the environment. Avoid waste, littering and contributing to pollution. (B) Ask for a Cash Memo on purchase of goods and services. (C) Assert yourself to ensure that you get a fair deal. (D) Learn about the risks associated with products and services, follow manufacturers instructions and use the product safely. Ans. (B) Ask for a Cash Memo on purchase of goods and services.	1 mark
7	Q. Read the following statements : Assertion (A) and Reason (R). Assertion(A):The principles of management are guidelines to action, but do not provide readymade, straitjacket solutions to all managerial problems. Reason (R):Real business situations are neither complex, nor dynamic and are not the result of many factors. Choose the correct alternative from the options given below: (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. (C) Assertion (A) is true, but Reason (R) is false.	1 mark
8	Q. Identify the financial incentive shown in the picture given below:	



- (A) Stock option
- (B) Perquisites
- (C) Productivity-linked wage incentive
- (D) Retirement benefits

Ans. (D) Retirement benefits

Note : The following question is for **the Visually Impaired Candidates** only in lieu of Q. no. 17

An incentive offered over and above the wages/salary to the employees is known as :

- (A) Productivity-linked wage incentive
- (B) Bonus
- (C) Profit sharing
- (D) Stock option

Ans. (B) Bonus

1 mark

- 9 Q. After moving to Dama from his home town in Rasha, Ramu and his family were staying in a rented accommodation for the last 5 years. Ramu and one of his office colleagues decided to buy a flat each in close proximity to their office. After a lot of research, they settled for a housing project which would cost them ₹1.25 crore each for a three bedroom flat. The housing project developers promised to deliver their flats within 36 months. An amount of ₹20 lakh each was paid to the developers of the housing project at the time of booking the flat.

	Since the payment schedule was time bound, they paid additional ₹80 lakh each over a period of 2 years. The balance of ₹ 25 lakh was to be paid at the time of registration. Despite having taken the major part of the cost of the flats, the housing project developers hadn't started the construction work. Ramu and his colleague asked the housing project developers to refund the amount paid. On refusal of refund of the amount paid by the housing project developers, Ramu and his colleague decided to approach the consumer court. The redressal agency which Ramu and his colleague should approach for redressal of their grievance is : (A) District Commission (B) State Commission (C) National Commission (D) Local Commission Ans. (A) District Commission	1 mark						
10	Q. Match the steps of organising process given in Column I with their explanation given in Column II. <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>1. Identification and division of work</td><td>(i) Establish clear relationships to create a hierarchical structure and facilitate co-ordination among various departments.</td></tr><tr><td>2. Departmentalisation</td><td>(ii) Divide the work into small and manageable activities so that activities similar in nature are grouped together.</td></tr></table>	Column I	Column II	1. Identification and division of work	(i) Establish clear relationships to create a hierarchical structure and facilitate co-ordination among various departments.	2. Departmentalisation	(ii) Divide the work into small and manageable activities so that activities similar in nature are grouped together.	
Column I	Column II							
1. Identification and division of work	(i) Establish clear relationships to create a hierarchical structure and facilitate co-ordination among various departments.							
2. Departmentalisation	(ii) Divide the work into small and manageable activities so that activities similar in nature are grouped together.							

	3. Assignment of duties 4. Establishing authority and reporting relationships	(iii) As per previously drawn plans, identify the work and divide in such a way so that duplication can be avoided and burden of work can be shared among the employees. (iv) Define the work of different job positions and accordingly allocate work to various employees.	
	Choose the correct option from the following : (A) 1-(iii), 2-(ii), 3-(i), 4-(iv) (B) 1-(i), 2-(ii), 3-(iii), 4-(iv) (C) 1-(iii), 2-(ii), 3-(iv), 4-(i) (D) 1-(iv), 2-(i), 3-(ii), 4-(iii) Ans. (C) 1-(iii), 2-(ii), 3-(iv), 4-(i)		1 mark
11	Q. Which of the following is <i>not</i> an advantage of functional structure of an organisation ? (A) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations. (B) It makes training of employees easier as the focus is on limited range of skills. (C) It helps in increasing managerial and operational efficiency. (D) It leads to occupational specialization since emphasis is placed on specific functions. Ans. (A) It facilitates expansion and growth as new divisions		

	can be added without interrupting the existing operations.	1 mark
12	‘The principle of management which emphasizes on obedience to organisational rules and employment agreements necessary for the working of the organisation’ is called : (A)Division of work (B)Discipline (C)Scalar chain (D)Remuneration of employees Ans. (B) Discipline	1 mark
13	Q.‘Green Tech Solutions’, a manufacturer of eco friendly products had an organisational structure with separate departments for production, marketing, sales, etc. Each department had its own objectives, policies and style of working. The company was facing challenges as the production department would focus on producing goods without consulting the sales department and the marketing department developed advertising campaigns without considering the production timelines, leading to confusion and conflicts. To resolve this, the Chief Executive Officer, Madhur arranged inter-departmental meetings explaining to the respective managers that they have to consult each other while performing their activities. All the departmental managers agreed to this. By linking the activities of all the departments, the Chief Executive Officer was able to ensure that the right products are available when needed, marketing efforts match with the product availability and sales targets are achieved. The concept of management followed by the Chief Executive Officer to resolve confusion and conflicts between departments was : (A) Organising	

	(B) Coordination (C) Planning (D) Staffing Ans. (B) Coordination	1 mark
14	Q. The increase in profit earned by the equity shareholders due to the presence of fixed financial charges is known as : (A) Trading on equity (B) Financial risk (C) Financial planning (D) Financial leverage Ans. (A) Trading on equity	1 mark
15	Q. ‘To identify the needs of the customers and to take various decisions related to successful marketing of the products and services, it is important to make an analysis of the available opportunities and threats, as well as strengths and weaknesses of the organisation and decide what opportunities can be best pursued by it’, highlights one of the functions of marketing, that is : (A) gathering and analysing market information (B) marketing planning (C) product designing and development (D) branding Ans. (A) gathering and analysing market information	1 mark
16	Q. Identify the <i>incorrect</i> statement with respect to ‘functional foremanship’ as a technique of scientific management : (A) It advocates separation of planning and execution functions. (B) Speed boss, gang boss, repair boss and inspector work under the	

	production incharge. (C) It is an extension of the principle of unity of command to the shop floor. (D) Each worker takes orders from eight foremen in the process of production. Ans. (C) It is an extension of the principle of unity of command to the shop floor.	1 mark
17	Q. If an investor wishes to buy or sell any security, he/she has to first approach a registered broker or sub-broker and enter into an agreement with him. An investor has to sign a broker-client agreement and a client registration form before placing an order to buy or sell securities. Thereafter, the investor has to open a 'Demat' account or 'Beneficial owner' account with a depository participant for holding and transferring securities in the demat form and a bank account for cash transactions in the securities market. The first two steps of 'Trading and Settlement procedure' in stock market have been discussed in the above lines. Place the next four steps in the correct order : (i) The broker will then go online and connect to the main stock exchange and match the share and best price available. (ii)After the trade has been executed, within 24 hours the broker issues a contract note. (iii)The investor then places an order with the broker to buy or sell shares. Clear instructions have to be given about the number of shares and the price at which the shares should be bought or sold. (iv)When the shares can be bought or sold at the price mentioned, it will be communicated to the broker's terminal and the order will be executed electronically. Choose the correct option from the following : (A) (iii), (i), (iv), (ii) (B) (i), (ii), (iii), (iv) (C) (iv), (ii), (iii), (i) (D) (iii), (iv), (i), (ii)	

	Ans. (A) (iii), (i), (iv), (ii)	1 mark
18	Q. Read the following statements carefully : Statement I : A single use plan is used for activities that occur regularly over a period of time. Statement II : Policies are a general form of standing plans that specify the organisation's response to a certain situation. In the light of the above statements, choose the correct alternative from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false. Ans. (B) Statement I is false and Statement II is true.	1 mark
19	Q. Under _____, the consumer has a right to get relief for replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer in case the product/service falls short of his expectations. (A) Right to safety (B) Right to seek redressal (C) Right to be assured (D) Right to be heard Ans. (B) Right to seek redressal	1 mark
20	Q. Which of the following is a regulatory function of Securities and Exchange Board of India? (A) Registration of brokers and sub-brokers and other players in the market (B) Training of intermediaries of the securities market (C) Promotion of fair practices and code of conduct in securities market. (D) Conducting research and publishing information	

	useful to all market participants Ans. (A) Registration of brokers and sub-brokers and other players in the market.	1 mark
21	Q.(a) Explain the following points of importance of the 'Controlling' function of management : (i) Making efficient use of resources (ii) Improving employee motivation Ans. (a) (i) Making efficient use of resources • Controlling makes efficient use of resources by reducing wastage and spoilage. • Each activity is performed in accordance with predetermined standards and norms which ensures that resources are used in the most effective and efficient manner. (ii) Improving employee motivation • Controlling ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. • This motivates the employees and helps them to give better performance. OR (b) State any three benefits of training to employees. Ans. (b) Benefits of training to employees: (Any three) - Improved skills and knowledge due to training lead to better career of the individual. - Increased performance by the individual help him to earn more. - Training makes the employee more efficient to handle machines and thus less prone to accidents.	1 ½ mark + 1 ½ mark = 3 marks OR 1 x 3

	(iv) Training increases the satisfaction and morale of employees. <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	= 3 marks
22	Q. (a) Explain the following internal sources of recruitment: (i) Transfers (ii) Promotions Ans. (a) (i) Transfers • It involves shifting of an employee from one job to another, one department to another or from one shift to another, without a substantive change in the responsibilities, status and salary of the employee. • Transfer is useful for filling the vacancies with employees from overstaffed departments. • It can also be used for training of employees for learning different jobs. (ii) Promotions: • It leads to shifting of an employee to a higher position carrying higher responsibilities, facilities, status and pay. • This practice helps to improve the motivation, loyalty and satisfaction level of employees. • Promotions at a higher level leads to a chain of promotions at lower levels in the organisation. OR (b) Explain the following methods of training : (i) Internship training (ii) Vestibule training	1 ½ + 1 ½ = 3 marks OR

	Ans. (b) (i) Internship training • It is a joint programme of training in which educational institutions and business firms cooperate. • Selected candidates carry on regular studies for the prescribed period in an educational institute. • To acquire practical knowledge and skills, they work in a factory or office (ii) Vestibule training • In this method, training is conducted away from the actual work floor. • Actual work environments are created in a class room and employees use the same materials, files and equipment. • This is usually done when employees are required to handle sophisticated machinery and equipment.	1 ½ marks + 1 ½ marks = 3 marks
23	Q. ‘Verso Cars’ opened their new car showroom in Kainvad. They appointed Tarun as a General Manager for managing their operations. He was responsible for meeting sales targets, keeping a check on inventory, building customer relations, ensuring compliance with regulations, etc. However, the high volume of work made it impractical for him to handle it all by himself. To meet the company's goals, and to ensure that all work is accomplished, he appointed Nikhil as a Sales Manager. Nikhil was given the authority to take decisions inherent in his managerial position and to tell people what to do and expect them to do it. He not only had to ensure that sales targets are met but was also to guide sales representatives and had to report directly to Tarun. As a result, Tarun was able to concentrate on more important matters and ensure that all work is accomplished.	

	(a) Identify the concept followed by Tarun which helped him in achieving the company's goals. (b) Explain any two points of importance of the concept identified in (a) above. Ans. (a) Delegation (b) Importance of Delegation: (Any two with explanation) (i) Effective management (ii) Employee development (iii) Motivation of employees (iv) Facilitation of growth (v) Basis of management hierarchy (vi) Better coordination <i>(If an examinee has not given the headings as above, but has given the correct explanation, full credit should be given)</i>	1 mark + (½ mark for heading + ½ mark for explanation) 1 x 2 = 3 marks
24	Q. Sweets has been the mainstay for several large homegrown restaurant brands. Increased life expectancy of people and increased awareness for health care amongst consumers has increased the demand for healthy food options. Young consumers are moving away from consuming traditional sweets to buying more western style premium products which are baked or steamed. With this shift in consumer preferences, ‘Shree Restaurants’, a well known restaurant brand, is gearing itself up for playing a greater role in the healthy packaged foods market. In addition to traditional sweets, the company is also planning to expand to healthy savoury and sweet items and some ready-to-eat items. These new healthy products are expected to change people's lifestyles.	

	Identify and explain the two features of Business Environment highlighted in the above case. Ans. Two features of Business Environment highlighted in the above case are- 1. Interrelatedness • Different elements or parts of business environment are closely interrelated. • Increase in awareness of different products or services may lead to increase in demand of certain products or services and they in turn change people's lifestyles. 2. Dynamic • Business environment is dynamic as it keeps on changing. • It can be in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.	(½ mark for identifying the feature + 1mark for explanation) 1½ x 2 = 3 marks
25	Q.(a) Explain the following points of importance of the 'Planning' function of management : (i) Planning facilitates decision-making. (ii) Planning establishes standards for controlling. Ans. (a) (i) Planning facilitates decision making. • Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. • The manager has to evaluate each alternative and select the most viable proposition. (ii) Planning establishes standards for controlling.	2 +

	• Planning provides the goals or standards against which actual performance is measured. • By comparing actual performance with some standard, managers can know whether they have been able to attain the goals. If there is any deviation it can be corrected. OR (b) Explain the following features of the 'Planning' function of management: (i) Planning focuses on achieving objectives. (ii) Planning is continuous. Ans. (b) (i) Planning focuses on achieving objectives: • Specific goals are set out in the plans along with the activities to be undertaken, to achieve the goals. • Hence, planning contributes to the achievement of predetermined organizational goals. (ii) Planning is continuous: • A plan is framed, it is implemented, and is followed by another plan, and so on. Thus it is continuous in nature. • Plans are prepared for a specific period of time and at the end of that period a new plan is drawn on the basis of new requirements and future conditions.	2 = 4 marks OR 2 + 2 = 4 marks
26	Q. 'Nurata Ltd.' is a leading manufacturer of clothing in India, known for good quality casual wear as well as formal wear for children. The company is earning good profits and now wants to expand its business by entering into the business of electronics and home appliances too. The management decided to create separate business units, where each unit head would be responsible for a specific product category and for its	

performance. All key functions, such as marketing, finance, production, etc. would be handled within each unit. (a) Identify the organizational structure adopted by ‘Nurata Ltd.’ on expansion of its business. (b) State any two advantages and one disadvantage of the organizational structure identified in (a) above. Ans. (a) Divisional Structure (b) Advantages of Divisional Structure: (Any two) (i) <u>Product specialisation</u> helps in the development of varied skills in a divisional head and prepares him for higher positions. (ii) It helps in <u>fixation of responsibility</u> in case of poor performance of the division because the divisional heads are accountable for profits. (iii) It <u>promotes flexibility and initiative</u> because each division functions as an autonomous unit which leads to faster decision making. (iv) It <u>facilitates expansion and growth</u> as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line. Disadvantage of Divisional Structure: (Any one) (i) <u>Conflict may arise among different divisions</u> with reference to allocation of funds and a particular division may seek to maximise its profits at the cost of other divisions. (ii) It may lead to <u>increase in costs</u> since there may be duplication of activities across products.	1 + 1 x 2 +
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	(iii) A divisional manager may gain power for activities of his division and in a bid to assert his independence may <u>ignore organisational interests</u>. <i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	1 = 4 marks
27	Q. Shreedar had worked as an Operations Manager at a cab aggregator firm for ten years, gaining in-depth knowledge of the business. He then decided to leave the job and started his own cab aggregator business ‘Easy Cab’ with his friend Mukesh. Shreedar became the Chief Executive Officer and Mukesh the Chief Operating Officer in ‘Easy Cab’. They decided to initially offer their services only in Goregram. To finance the venture, they applied for a loan to purchase electric cars for their fleet aiming to provide a sustainable and eco-friendly way to travel. (a) Identify the level of management at which Shreedar and Mukesh are working in ‘Easy Cab’. (b) State any three functions required to be performed by both Shreedar and Mukesh at the level of management they are working. Ans. (a) Shreedhar - Top Level Mukesh – Top level (c) Functions required to be performed by both Shreedar and Mukesh at the level of management they are working are: (Any three) (i) They have to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation. (ii) They are responsible for the welfare and survival of the organization,	$\frac{1}{2} + \frac{1}{2}$ + 1 x 3 =

	(iii) They analyse the business environment and its implications for the survival of the firm. (iv) They formulate overall organisational goals and strategies for their achievement. (v) They are responsible for all the activities of the business and for its impact on society.	=4 Marks
28	Q. 'BNG Ltd.' is a reputed company that manufactures consumer durables. It has a large scale manufacturing unit where products like electric kettles, toasters, blenders, electric irons, etc. are manufactured. Since the production is at a large scale, the average cost of production is low. As a result, the products are widely available across areas at affordable prices contributing to its strong profit margins. On the other hand, 'KMV Ltd.', another reputed consumer durables manufacturer in the same business is also earning good profits. However, 'KMV Ltd.' focuses on producing the products which are superior in quality, performance and features. It has a dedicated Research and Development team which continually works to bring improvement in the quality of its products. (a) Identify and explain the marketing management philosophy followed by 'BNG Ltd.' and 'KMV Ltd.'. (b) Differentiate between the two marketing management philosophies identified in (a) above on the basis of the following : (i) Main focus (ii) Ends Ans. (a) Marketing management philosophy followed by 'BNG Ltd.' is Production philosophy. It is based on the belief that profits could be maximised by producing at large scale to reduce the average cost of production, thereby making the goods affordable and widely available. Marketing management philosophy followed by 'KMV Ltd.' is Product philosophy. It is based on the belief that profits could be maximised by bringing continuous improvement in the product quality, performance and new features.	(½ mark each for identifying + ½ mark each for explanation) = 1 x 2

	(b) Difference between Production Philosophy and Product Philosophy: <table border="1"> <thead> <tr> <th>Basis</th><th>Production Philosophy</th><th>Product Philosophy</th></tr> </thead> <tbody> <tr> <td>(i) Main focus</td><td>Its main focus is on quantity of the product.</td><td>Its main focus is on quality of product, performance and features of product.</td></tr> <tr> <td>(ii) Ends</td><td>Its objective is to earn profit through volume of production.</td><td>Its objective is to earn profit through product quality.</td></tr> </tbody> </table>	Basis	Production Philosophy	Product Philosophy	(i) Main focus	Its main focus is on quantity of the product.	Its main focus is on quality of product, performance and features of product.	(ii) Ends	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.	+ 1 x 2 = 4 marks
Basis	Production Philosophy	Product Philosophy									
(i) Main focus	Its main focus is on quantity of the product.	Its main focus is on quality of product, performance and features of product.									
(ii) Ends	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.									
29	Q.(a) State any four features of 'Leadership' as an element of Directing. Ans. (a) Features of Leadership as an element of Directing:(Any four) : (i) Leadership indicates ability of an individual to influence others. (ii) Leadership tries to bring change in the behaviour of others. (iii) Leadership indicates interpersonal relations between leaders and followers. (v) Leadership is exercised to achieve common goals of the organisation. (vi) Leadership is a continuous process. OR (b) Explain the following non-financial incentives: (i) Organisational climate (ii) Status Ans. (b) (i) <u>Organisational climate</u>	1 x 4 = 4 marks OR									

	• It indicates the characteristics which describe an organisation and distinguish one organisation from the other. • Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate. (ii) Status • It means ranking of positions in the organisation. The authority, responsibility, rewards, recognition etc. of a job indicate the status given to a person. • Psychological, social and esteem needs of an individual are satisfied by status given to their job.	2 + 2 = 4 marks
30	Q. Rushil opened ‘RK Hair and Beauty Salon’ in a reputed locality and appointed fifteen people as salon staff. However, within just a few months, he observed that the employees were leaving the salon one by one and the business was not able to meet even the monthly targets. Rushil asked his manager to find out the reason. The manager reported that quite often, according to the requirement, the hair stylist was asked to do the work of a makeup artist and a makeup artist was asked to do nail care, etc. As a result, the employees were not happy and wanted to work at a salon where work was divided according to their competence and would enhance their specialisation. The manager also added that there was neither any fixed place for hair care, skin care or nail care materials nor for the employees. This created confusion and hindrance in the work and led to further dissatisfaction amongst the staff. As a result, the employees kept leaving the salon leading to high employee turnover ratio and a shortage of experienced staff. Identify and explain the two principles of management discussed above that are not followed in ‘RK Hair and Beauty Salon’.	

	Ans. The principles of management not followed in RK Hair and Beauty Salon are: (<u>Any two</u>) 1. Division of work: • The principle of Division of work suggests that work can be performed more efficiently if it is divided into specialized tasks. The intent of division of work is to produce more and better work for the same effort. • A trained specialist who is competent, is required to perform each job leading to specialisation. This results in efficient and effective output. 2. Stability of Personnel: • Selected employees should be kept at their post/position for a minimum fixed tenure and should be given reasonable time to show results. • Any adhocism in this regard will create instability among employees and this increases the cost of recruitment, selection and training. 3. Order: • The principle of order states that ‘a place for everything (everyone) and everything (everyone) in its (her/his) place’. • If there is a fixed place for everything and it is present there, then this will result in increased productivity and efficiency.	(1 mark each for identification + 1 mark each for explanation) = 2 + 2 =4 marks
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31	Q. After completing his civil engineering degree, Sankalp decided to start his own business. He started a construction company ‘Sankalp Builders’. He entered into an agreement for construction of residential flats on a land of 30 acres. Building of the flats on such a large scale required expensive machinery like bulldozers, excavators, etc. He had the option to buy the machinery or take it on lease. Though Sankalp was in favour of buying, his father advised him to take the decision with caution as construction machinery becomes outdated very fast and needs to be replaced. He also told Sankalp that in future he may think of diversifying his operations and would need funds for that too. Identify and state any four factors discussed above affecting the fixed capital requirements of ‘Sankalp Builders’. Ans. Factors affecting the fixed capital requirement are- <u>(Any four)</u> 1. Nature of business: A trading concern needs a lower investment in fixed assets as compared to a manufacturing concern since it doesn’t require to purchase plant and machinery. 1. Scale of Operations: A larger organisation operating at a higher scale needs bigger plant, more space etc. and therefore, requires higher investment in fixed assets when compared with the small organisation. 2. Technology Upgradation: In industries where assets become obsolete sooner, higher investment in fixed assets would be required. 3. Financing Alternatives: Availability of leasing facilities, may reduce the funds required to be invested in fixed assets, thereby reducing the fixed capital requirements.	(½ mark for identifying + 1 mark for stating) 1 ½ x 4
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	4. Diversification: A firm may choose to diversify its operations which results in increase in fixed capital requirements.	= 6 marks
32	Q. (a) Explain any four functions of a stock exchange. Ans. (a) Functions of Stock Exchange: (Any four with explanation) 1. Providing Liquidity and Marketability to Existing Securities 2. . Pricing of Securities 3. Safety of Transaction 4. . Contributes to Economic Growth 5. Spreading of Equity Cult 6. Providing Scope for Speculation <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) Explain the following factors affecting the choice of capital structure of a company : (i) Flexibility (ii) Risk consideration (iii) Floatation costs (iv) Cost of debt Ans. (b) Factors affecting the choice of capital structure of a company: (i) Flexibility • A firm loses flexibility to issue further debt if it uses its debt potential to the full.	(½ mark for heading + 1 mark for explanation) = 1 ½ x 4 = 6 marks OR 1 ½ +

	- To maintain flexibility, it must maintain some borrowing power to take care of unforeseen circumstances. (ii) Risk consideration - Use of debt increases the financial risk of a business when a company is unable to meet its fixed financial charges. Every business has some operating risk (also called business risk) which depends upon fixed operating costs. - The total risk depends upon both the business risk and the financial risk hence if a firm's business risk is lower, its capacity to use debt is higher and vice-versa. (iii) Floatation Cost - Process of issuing shares and debentures involves some cost, while obtaining a loan from a financial institution may not cost so much. - These considerations also affect the choice between debt and equity, and hence capital structure (iv) Cost of Debt - A firm's ability to borrow at a lower rate increases its capacity to employ higher debt. - Thus, more debt can be used if debt can be raised at a lower rate	1 ½ + 1 ½ + 1 ½ = 6 marks
33	Q. Sara recently received her degree in automobile engineering and decided to join her father's electric vehicle business. They were not only selling electric vehicles but also providing related services like charging vehicles and their maintenance, etc. Sara had worked on a practical project related to electric vehicles during her automobile engineering course and won first prize for it. She was impressed by electric vehicles	

	because of their potential to revolutionize the automotive industry as these are more sustainable and eco-friendly alternative to traditional vehicles. She was exploring the possibility of entering into partnerships with the government for electric vehicle charging stations. This could be shared investment, with the government providing land and incentives and her company contributing technical expertise and operational management. Sara shared her thoughts and ideas with her father. She prepared a proposal to collaborate with the government for setting up electric vehicle charging stations. The proposal contained her ideas, feelings and suggestions which she intended to convey to the government. She then converted her ideas, feelings and suggestions into words and pictures. She used clear concise language and visual aids such as charts and graphs, to make complex information more understandable. She now had to choose a path through which her proposal would be transmitted to the government. Sara had a face-to-face meeting with the government and presented her ideas directly. (a) The above case highlights an element of one of the functions of management. Identify and explain the element. (b) Quoting lines from the above case, name the four elements of the concept identified in (a) above. (c) State three other elements of the concept identified in (a) above, not discussed in the above case. Ans. (a) Communication- Communication is the process of transferring information from the sender to the receiver with the information being understood by the receiver. (or any other correct meaning)	(½ mark for identification + ½ mark for
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		explanation) = 1
	(b) Elements of the concept identified in (a) above: (Any four) 1. Sender <i>“Sara shared her thoughts and ideas with her father.”</i> 2. Message <i>“The proposal contained her ideas, feelings and suggestions which she intended to convey to the government.”</i> 3. Encoding <i>“She then converted her ideas, feelings and suggestions into words and pictures.”</i> or <i>“She used clear concise language and visual aids such as charts and graphs, to make complex information more understandable.”</i> 4. Media <i>“Sara had a face-to-face meeting”</i> 5. Receiver <i>“Sarawith the government”</i> <i>(An examinee should be awarded marks for identification only when correct lines are quoted.)</i>	+ (½ mark each for quoting and identification) x 4 = 2 +

	(c) Three other elements of the concept identified above are- 1. <u>Decoding</u> is the process of converting encoded symbols of the sender. 2. <u>Feedback</u> includes actions/response of the receiver on receiving and understanding the message of the sender. 3. <u>Noise</u> means some obstruction or hindrance caused to sender, message or receiver in the process of communication . <i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	1 x 3 = 6 marks
34	Q. (a) Explain the following functions of marketing : (i) Customer support services (ii) Branding (iii) Product designing and development (iv) Marketing planning Ans. (a) (i) Customer support services • Developing customer support services such as after sales services, handling customer complaints, credit services, maintenance services, etc. is an important function of marketing. • This leads to maximum satisfaction of the customers and helps in bringing repeat sales from the customers and developing brand loyalty for a product. (i) Branding • Branding includes deciding the branding strategy in which each product will be given a separate brand name or the same brand name will be extended to all products of the company. • It helps in creating product differentiation which helps in building customer's loyalty and in promoting its sale.	1 ½ + 1 ½

	(iii) Product designing and development • Product designing and development contributes to make the product attractive to the target customers which can improve performance of a product. • It gives a competitive advantage in the market. (iv) Marketing planning • A marketer has to develop appropriate marketing plans so that the marketing objectives of the organisation can be achieved. • A market plan covers various aspects including the plan for increasing the level of production, promotion of the products, etc., and specify the action programmes to achieve these objectives. OR (b) Explain any four factors which affect the determination of price of a product. Ans. (b) Factors which affect the determination of price of a product: (any four with explanation) 1. Product cost 2. The Utility and Demand 3. Extent of competition in the Market 4. Government and Legal regulations 5. Pricing Objectives 6. Marketing Methods Used <i>(If an examinee has not given the headings as above but has given the correct explanation , full credit should be given)</i>	+ 1 ½ + 1 ½ = 6 marks OR 1 ½ x 4 = 6 marks
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