

	-Strictly Confidential: (For Internal and Restricted Use Only) Senior Secondary School Certificate Examination March -----2025 Marking Scheme Subject---Business Studies(054) 66/7/2
	<u>General Instructions-</u>
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 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). 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.

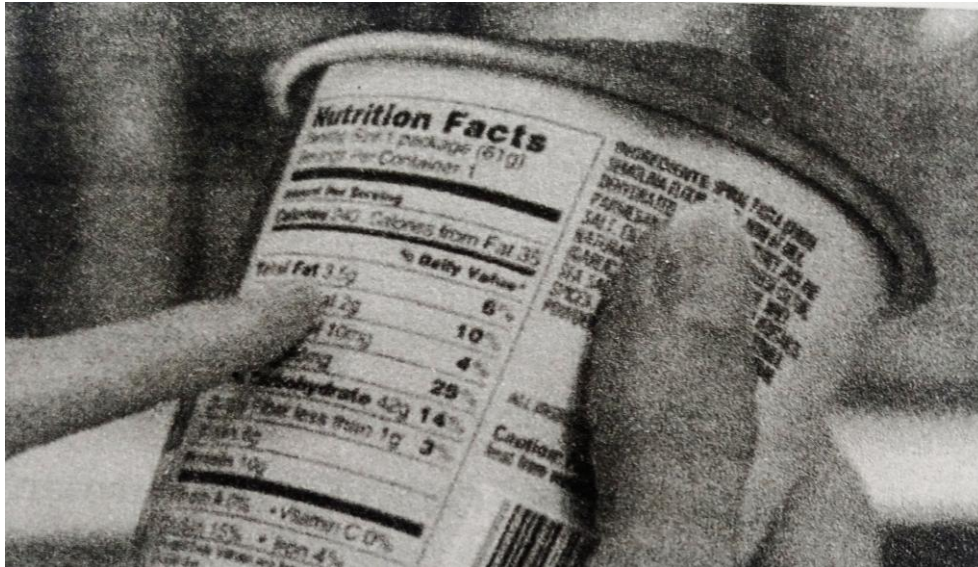
66/ 7/ 2	MARKING SCHEME– 2025 BUSINESS STUDIES-054 66/7/2 EXPECTED ANSWERS / VALUE POINTS	Marks
1	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): The cost of debt is lower than the cost of equity for a firm. Reason (R): Lender's risk is lower than the shareholder's risk. Additionally, interest paid on debt is a deductible expense for computation of tax liability, whereas dividends are paid out of after tax profit. 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. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 mark
2	Q. 'Apex Shoes', a popular footwear brand had grown rapidly over the years. It decided to open its own retail outlets across major cities. To ensure smooth operations, the retail outlets were managed by store managers who were responsible for day-to-day operations like inventory management, customer service and sales targets etc. However, for key decisions such as offering discounts or processing refunds etc., managers had to seek approval from corporate headquarters. Quite often, customers would ask for a discount or want to return the shoes and get a refund. The store managers did not have the authority to approve this. They had to call the head office for approval, which caused a delay. These delays affected both customer satisfaction and footwear sales. Realizing the need for faster decisions, the Chief Executive Officer	

	of the company, Atul, decided to selectively disperse the authority to the store managers to approve discounts, returns and other customer-related decisions. He believed that store managers could assume responsibility for effective implementation of their decisions. This led to faster service, satisfied customers and an increase in sales. The concept used by Atul to improve customer satisfaction and store performance was: (A) Responsibility (B) Authority (C) Delegation (D) Decentralisation Ans. (D) Decentralisation	1 mark				
3	Q. The Go-Vegan Movement has been an integral part of western nations owing to its numerous health and environmental benefits. India too has witnessed a propelling vegan food market. Concerned with the quality of life, people have shifted to a variety of plant-based food alternatives that offer great taste and health benefits and strengthen the immune system. The dimension of business environment discussed above is: (A) Economic environment (B) Social environment (C) Technological environment (D) Political environment Ans. (B) Social environment	1 mark				
4	Q. Match the statements given in Column I with the external source of recruitment given in Column II. <table><tr><th>Column(I)</th><th>Column(II)</th></tr><tr><td>1. 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.</td><td>(i) Recommendation of employees</td></tr></table>	Column(I)	Column(II)	1. 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.	(i) Recommendation of employees	
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1. 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.	(i) Recommendation of employees					

	2. A notice is placed on the notice board of the enterprise specifying details of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. (ii) Campus recruitment 3. Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit personnel for various jobs. qualified (iii) Direct recruitment 4. Applicants introduced by present employees or their friends and relatives. (iv) Casual callers	
	Choose the correct option from the following: (A) 1-(iii), 2-(ii), 3-(i), 4-(iv) (B) 1-(ii), 2-(i), 3-(iii), 4-(iv) (C) 1-(iv), 2-(iii), 3-(ii), 4-(i) (D) 1-(iii), 2-(i), 3-(ii), 4-(iv) Ans. (C) 1-(iv). 2-(iii), 3-(ii), 4-(i)	1 mark
5	Q. Radhika purchased an attractive new toaster for her house. In the beginning it worked fine and she enjoyed using it every morning. However, one morning as she was using the toaster, it caught fire and her fingers got partially burnt. Identify the 'Right' under which she can be protected. (A) Right to be informed (B) Right to be assured (C) Right to safety (D) Right to consumer education Ans. (C) Right to safety	1 mark

6

Q. Identify the marketing function displayed in the picture given below:



- (A) Product designing and development
- (B) Branding
- (C) Marketing planning
- (D) Packaging and labelling

Ans. (D) Packaging and labelling

1 mark

Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 9.

Q. Which of the following functions of marketing gives detailed information to the consumers about the product, ensures safety of product and also serves as a promotional tool?

- (A) Product designing and development
- (B) Branding
- (C) Marketing planning
- (D) Packaging and labelling

Ans. (D) Packaging and labelling

7	Q. A garment manufacturing firm had set a target of manufacturing 1000 garments per day. The manager of the firm saw that the production consistently fell short of the target. It was observed that employees were spending too much time taking lunch, reporting late and leaving early on one pretext or the other. A control mechanism was installed to address the issue. Card punching was implemented in the organisation. It was made mandatory for employees to record their entry or exit every time they enter or leave. Their working hours were monitored and irregularities addressed. This helped the organisation to meet its daily production targets. Identify the point of importance of 'Controlling' highlighted in the above case. (A) Judging accuracy of standards (B) Accomplishing organisational goals (C) Making efficient use of resources (D) Ensuring order and discipline Ans. (D) Ensuring order and discipline	1 mark
8	Q. Selection test is a mechanism that attempts to measure certain characteristics of individuals ranging from aptitudes, to intelligence, to personality. It is one of the steps in the process of selection. Place the subsequent steps of process of selection in an organisation in the correct order. A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment (B) Employment interview, reference and background checks, medical examination, selection decision, job offer, contract of employment (C) Employment interview, medical examination, job offer, reference and background checks, selection decision, contract of employment (D) Employment interview, selection decision, reference and background checks, job offer, medical examination, contract of employment Ans. (A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment	1 mark

9	Q. Identify the <i>incorrect</i> statement with respect to 'importance of consumer protection' from the business point of view. (A) Enlightened businesses realise that it is in their long-term interest to satisfy their customers. (B) It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation. (C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness. (D) A business engaging in any form of exploitative trade practices would invite government intervention which can tarnish the image of the company. Ans. (C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.	1 mark
10	Q. An institution constituted for the purpose of assisting, regulating or controlling the business of buying and selling or dealing in existing securities' is known as: (A) Securities and Exchange Board of India (SEBI) (B) Stock Exchange (C) Capital Market (D) Money Market Ans. (B) Stock Exchange	1 mark
11	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): Increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services. Reason (R): Different elements of business environment are not inter-related. 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
12	Q. If any of the parties are not satisfied by the order of the District Commission, they can appeal against such order to the State Commission on the grounds of facts or law within a period of _____ from the date of order. (A) 45 days (B) 30 days (C) 60 days (D) 15 days Ans. (A) 45 days	1 mark
13	Q. Identify the <i>incorrect</i> statement with respect to financial leverage. (A) The proportion of debt in the overall capital is called financial leverage. (B) With the increase in financial leverage, the financial risk increases. (C) The proportion of equity in the overall capital is called financial leverage. (D) As the financial leverage increases, the cost of funds declines. Ans. (C) The proportion of equity in the overall capital is called financial leverage.	1 mark
14	Q. Rajni, the Chief Executive Officer of a multinational company, maintained a simple and elegant look. Now she wanted a change, so she decided to colour her hair in a vibrant colour. After reading the label carefully, she purchased a well-known hair colour of good quality. Before applying the colour, she read the instructions carefully. However, while applying the colour on her hair, she forgot the instructions and without testing it on a patch of her skin, she	

	applied the colour. This led to an allergic reaction with redness and itching on her scalp, ears and neck. Identify the responsibility that was ignored by Rajni as a consumer while using the hair colour. (A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. (B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely. (C) Assert yourself to ensure that you get a fair deal. (D) Ask for a cash-memo on purchase of goods or services. Ans. (B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.	1 mark
15	Q. Which of the following factors affect the fixed capital requirements of a company? 1. Financing alternatives 2. Level of collaboration 3. Production cycle 4. Choice of technique 5. Seasonal factors 6. Level of competition Choose the correct alternatives from the following: (A) 2, 3 and 6 (B) 3, 4 and 5 (C) 3, 4 and 6 (D) 1, 2 and 4 Ans. (D) 1, 2 and 4	1 mark
16	Q. Read the following statements carefully: Statement 1: Training is the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. Statement II: Training is a job-oriented process. In the light of the above statements, choose the correct alternative	

	from the options given below: (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
17	Q. Which of the following factors affects the choice of capital structure of a company? (A) Cost of equity (B) Investment criteria involved (C) Nature of business (D) Scale of operations Ans. (A) Cost of equity	1 mark
18	Q. Which of the following is <i>not</i> a protective function of Securities and Exchange Board of India? (A) Controlling insider trading and imposing penalties for such practices (B) Training of intermediaries of securities market (C) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulation, etc. (D) Promotion of fair practices and code of conduct in securities market Ans. (B) Training of intermediaries of securities market	1 mark
19	Q. Shreyansh and Sudhir were close friends and were studying in a reputed engineering college. During campus recruitment in the final year of engineering, both of them got their dream jobs. Shreyansh's consultancy firm was in India and Sudhir's was a manufacturing firm situated out of India. Both looked forward to join their respective organisations after completing their engineering degree. One month after joining the organisation, Sudhir came to India on an assignment and both friends decided to meet. Shreyansh looked happy and was all praise for the management of his company. He told Sudhir that there was complete orderliness in his organisation	

	and that all employees were happy and satisfied with the work and the working environment. Targets of the organization too were met as per the plans. Sudhir, in contrast was unhappy with his job and was thus on the lookout for another job. The characteristic of management being highlighted in the above case by Shreyansh is: (A) Management is a group activity. (B) Management is a dynamic function. (C) Management is an intangible force. (D) Management is all pervasive. Ans. (C) Management is an intangible force.	1 mark
20	Q. Read the following statements carefully: Statement 1: Any deviation, whether significant or insignificant, should be brought to the notice of the management. Statement II: Control should focus on those Key Result Areas which are critical to the success of an organisation. In the light of the above statements, choose the correct alternative from the options given below: (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 false. (D) Both Statement I and Statement II are true. Ans. (B) Statement I is false and Statement II is true.	1 mark
21	Q. 'Capro Ltd.', an IT services firm was perceived as a passive provider focusing on fulfilling clients' orders without much innovation. In an attempt to change its image, the Chief Technical Officer of 'Capro Ltd.' called a meeting of technical heads in the conference room. The meeting was important as it was regarding launching programmes to encourage employees to generate ideas for value addition that their clients would appreciate and would help in changing the company's image. Shrinivas, a technical head was last to enter the conference room for the meeting and got a seat near the door of the conference	

	room. As there was constant movement near the conference room, he could not attentively focus on the meeting, missing out on important points discussed in the meeting. (a) Identify and state the elements in the communication process that led to Shrinivas missing out on important points discussed in the meeting. (b) State any two other elements of the communication process other than the one identified in (a) above. Ans. (a) The element in the communication process that led to Shrinivas missing out on important points discussed in the meeting is Noise. Noise means some obstruction or hindrance caused to sender, message or receiver in the process of communication. (b) Other elements of the communication process are: (Any two) (i) <u>Sender</u> is the person who conveys his thoughts or ideas to the receiver. (ii) <u>Message</u> is the content of ideas, feelings, suggestions, order, etc., intended to be communicated. (iii) <u>Encoding</u> is the process of converting the message into communication symbols such as words, pictures, gestures etc. (iv) <u>Media</u> is the path through which encoded message is transmitted to receiver. (v) <u>Decoding</u> is the process of converting encoded symbols of the sender. (vi) <u>Receiver</u> is the person who receives communication of the sender. (vii) <u>Feedback</u> includes all those actions of receiver indicating that he has received and understood message of the sender. <i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	(½ mark for identifying + ½ mark for statement) = 1 mark + 1x2=2 = 3 marks
22	Q.(a) Explain the following features of ‘Planning’: (i) Planning is continuous (ii) Planning is futuristic Ans. Features of ‘Planning’:	

	(i) 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. (ii) Planning is futuristic: • Planning involves looking ahead and preparing for the future, to meet future events effectively to the best advantage of an organisation. • Planning is regarded as a forward-looking function based on forecasting future events and drawing plans accordingly. OR (b) Explain the following types of plans: (i) Objectives (ii) Rules Ans. (i) Objectives: • Objectives are the ends, which the management seeks to achieve. 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 and are to be achieved within a given time period. (ii) Rules: • Rules are specific statements that inform what is to be done and not to be done. They do not allow for any flexibility or discretion. • They reflect a managerial decision that a certain action must or must not be taken.	1 ½ x 2 = 3 marks OR 1 ½ x 2 = 3 marks
23	Q. Amrit Ltd. and Nimrit Ltd. are two companies manufacturing automotive parts for automobile companies. Amrit Ltd. had a capital employed of ₹80 lakhs comprising of equity share capital of ₹40 lakhs divided into 40,000 shares of ₹ 100 each and debt of ₹40 lakhs at 6%. Nimrit Ltd. also had capital employed of ₹80 lakhs divided into 80,000 equity shares of ₹100 each.	

	Return on Investment (ROI) of both the companies is 10% and tax rate is 50% (a) Calculate Earning Per Share (EPS) for both the companies. (b) Which of the two companies has better Earning Per Share and why? Ans. (a) Calculation of Earning Per Share <table border="1"> <thead> <tr> <th>Particulars</th><th>Amrit Ltd.</th><th>Nimrit Ltd.</th></tr> </thead> <tbody> <tr> <td>Capital employed</td><td>₹80 lakhs</td><td>₹80 lakhs</td></tr> <tr> <td>Equity share capital</td><td>₹40 lakhs (40,000 shares @ ₹100 each)</td><td>₹80 lakhs (80,000 shares @ ₹100 each)</td></tr> <tr> <td>6% Debt</td><td>₹40 lakhs</td><td>-----</td></tr> <tr> <td>ROI</td><td>10%</td><td>10%</td></tr> <tr> <td>Earnings Before Interest and Tax (EBIT)</td><td>₹8,00,000</td><td>₹8,00,000</td></tr> <tr> <td>Less : Interest on debt (6%)</td><td>₹2,40,000</td><td>-----</td></tr> <tr> <td>Earnings Before Tax (EBT)</td><td>₹5,60,000</td><td>₹8,00,000</td></tr> <tr> <td>Less: Tax @50%</td><td>₹2,80,000</td><td>₹4,00,000</td></tr> <tr> <td>Earnings After Tax (EAT)</td><td>₹2,80,000</td><td>₹4,00,000</td></tr> <tr> <td>Earning Per Share (EPS) =EAT/Number of equity shares</td><td>₹7 per share (2,80,000/40,000)</td><td>₹5 per share (4,00,000/80,000)</td></tr> </tbody> </table> <i>(If an examinee has shown calculations in any other way, full credit should to be given)</i> (b) Amrit Ltd has better Earning Per Share as compared with Nimrit Ltd. The use of debt by Amrit Ltd. has increased the EPS because ROI of Amrit Ltd. is 10%, which is greater than its rate of interest on debt (6%).	Particulars	Amrit Ltd.	Nimrit Ltd.	Capital employed	₹80 lakhs	₹80 lakhs	Equity share capital	₹40 lakhs (40,000 shares @ ₹100 each)	₹80 lakhs (80,000 shares @ ₹100 each)	6% Debt	₹40 lakhs	-----	ROI	10%	10%	Earnings Before Interest and Tax (EBIT)	₹8,00,000	₹8,00,000	Less : Interest on debt (6%)	₹2,40,000	-----	Earnings Before Tax (EBT)	₹5,60,000	₹8,00,000	Less: Tax @50%	₹2,80,000	₹4,00,000	Earnings After Tax (EAT)	₹2,80,000	₹4,00,000	Earning Per Share (EPS) =EAT/Number of equity shares	₹7 per share (2,80,000/40,000)	₹5 per share (4,00,000/80,000)	1 ½ marks + (½ for the name of the company + 1 mark for reason) =1 ½ = 3 marks
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24	Q.(a) State any three points of importance of business environment.																																		

	Ans. Importance of business environment are: (Any three) 1. It enables the firm to <u>identify opportunities early and get the first mover advantage</u> and be the first to exploit them instead of losing them to competitors. 2. Environmental awareness helps the firm to <u>identify threats and serve as early warning signals</u>. 3. Understanding business environment enables the enterprise <u>in tapping useful resources</u> so that it can convert those resources into outputs that the environment desires. 4. It <u>helps the managers in coping with rapid changes</u> by understanding and examining the dynamic environment and developing suitable courses of action. 5. It <u>helps in assisting in planning and policy formulation</u> by understanding and analysing the environment which becomes the basis for deciding the future course of action (planning) or framing guidelines for decision making (policy). 6. It <u>helps in improving performance in present and future</u> as enterprises continuously monitor their environment and adopt suitable business practices. (If an examinee has given only the headings, ½ mark for each heading should be awarded) OR (b) State any three features of demonetisation. Ans. Features of demonetisation are: (Any three) (i) Demonetisation is viewed as a <u>tax administration measure</u> and people with black money had to declare their unaccounted wealth and pay taxes at a penalty rate. (ii) Demonetisation is also interpreted as a shift on the part of the government indicating that <u>tax evasion will no longer be tolerated or accepted</u>. (iii) Demonetisation led to tax administration <u>channelizing savings</u> into the formal financial system.	1x3 = 3 marks OR 1x3
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	(iv) It creates a <u>less-cash or cash-lite economy</u>, thus improves tax compliance. (If an examinee has only listed the underlined points, $\frac{1}{2}$ mark for each point should be awarded)	= 3 marks
25	Q. 'Reliable Appliances' and 'Modern Appliances' are two reputed companies, both manufacturing refrigerators. They have been in this business for many years, have a good reputation and a large customer base. The companies follow different marketing management philosophies and cater to different kinds of customers. 'Reliable Appliances' focuses on producing large quantities of affordable basic refrigerators that meet the essential needs of customers. It follows a belief that customers will prefer products that are widely available and affordable. The company focuses on mass production to keep costs low. As a result, it attracts budget conscious consumers. On the other hand, 'Modern Appliances' operates in the premium segment of the refrigerator market, attracting affluent buyers. It focuses on manufacturing refrigerators with advanced features such as Wi-Fi connectivity, built-in touch screen interface and advanced cooling systems, etc. It believes that customers will prefer products that offer superior quality with innovative features. For this, the company continuously improves its products' features and quality to differentiate itself from its competitors. (a) Identify the 'Marketing Management Philosophies' of 'Reliable Appliances' and 'Modern Appliances'. (b) Differentiate between the marketing management philosophies identified in (a) above on the basis of the following: (i) Main focus (ii) Means (iii) Ends Ans. (a). Reliable Appliances used 'Production' marketing management philosophy and Modern Appliances used 'Product' marketing management philosophy.	$\frac{1}{2} + \frac{1}{2}$ = 1 mark

	(b). <table> <tr> <th>Bases</th><th>Production philosophy</th><th>Product philosophy</th></tr> <tr> <td>(i)Main focus</td><td>Its main focus is on quantity of product.</td><td>Its main focus is on quality, performance and features of product.</td></tr> <tr> <td>(ii)Means</td><td>According to this philosophy, products are to be made available at an affordable price.</td><td>According to this philosophy, product improvements are key to success.</td></tr> <tr> <td>(iii)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> </table>	Bases	Production philosophy	Product philosophy	(i)Main focus	Its main focus is on quantity of product.	Its main focus is on quality, performance and features of product.	(ii)Means	According to this philosophy, products are to be made available at an affordable price.	According to this philosophy, product improvements are key to success.	(iii)Ends	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.	+ 1x3 = 4 marks
Bases	Production philosophy	Product philosophy												
(i)Main focus	Its main focus is on quantity of product.	Its main focus is on quality, performance and features of product.												
(ii)Means	According to this philosophy, products are to be made available at an affordable price.	According to this philosophy, product improvements are key to success.												
(iii)Ends	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.												
26	Q. 'Silver Mills' started their business as a B2B supplier of high quality millet seeds. The firm was set up in a backward area of Ransdhan. The firm was earning just enough revenues to cover its cost. Over a period of time, due to rising awareness amongst people about the health benefits of millets and with the year 2023 declared as 'International Year of Millets', the demand for millets increased and the firm was able to earn profits. This gave a vital incentive to the firm to continue its successful operations. It then expanded its operations and introduced millet flour, millet-based snacks and millet-based beverages. With increase in its operations, it provided employment opportunities specially to women, involving them in dehusking, cleaning and packing of millets. State the objectives of management highlighted in the above case. Ans. Objectives of management highlighted in the above case are: (a) Organisational objectives:													

	The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfil the economic objectives of a business. These are: Survival, Profit and Growth. (i) In order to survive, an organisation must earn enough revenues to cover costs. (ii) Profit provides vital incentive and is essential for covering costs and risks of the business. (iii) A business needs to add to its prospects in the long run, hence management must exploit fully the growth potential of the organisation to remain in the industry. (b). Social objectives involve consistently creating economic value for various constituents of society by using environmental friendly methods of production, providing employment opportunities, etc. <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	1 ½ + 1 ½ + 1 =4 marks
27	Q.(a) Explain 'Job Enrichment' and 'Employee Participation' as non-financial incentives. Ans. Job Enrichment: • It is concerned with designing jobs that include a greater variety of work content, require higher level of knowledge and skill, gives workers more autonomy and responsibility and provides opportunity for personal growth. • If jobs are enriched and made interesting, the job itself becomes a source of motivation to the individual. Employee Participation: • It refers to involving employees in decision-making of the issues related to them. • Employee participation may be in the form of joint management	2 + 2 = 4 marks

	committees, work committees, etc. OR (b) Explain any two personal barriers to effective communication. Ans. Personal barriers to effective communication: (Any two with suitable explanation) (i) Fear of challenge to authority (ii) Lack of confidence of superior on his subordinates (iii) Unwillingness to communicate (iv) Lack of proper incentives <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i>	OR ½ mark for naming the barrier and 1 ½ marks for explanation 2 x 2 = 4 marks
28	Q.(a) State any four features of 'Leadership' as an element of Directing. Ans. Features of Leadership:(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. (iv) Leadership is exercised to achieve common goals of the organisation. (v) Leadership is a continuous process. <i>(If an examinee has only listed the points, then ½ mark for each point should be awarded)</i> OR (b) State any four assumptions on which Maslow's Hierarchy of Needs theory is based. Ans. Maslow's theory is based on the following assumptions: (i) People's behaviour is based on their needs. Satisfaction of such needs influences their behaviour. (ii) People's needs are in hierarchical order, starting from basic needs to other higher level needs.	OR 1x 4 = 4 marks

	(iii) A satisfied need can no longer motivate a person; only next higher level need can motivate him. (iv) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.	1x 4 = 4 marks
29	Q. 'Mefco Ltd.' has been in online grocery e-commerce business for the last six years. Recently, it started facing increasing competition in the market. Understanding that speed of delivery in the key differentiator amongst online business firms, 'Mefco Ltd.' planned to launch 'Mefco Fast', a service designed to deliver the products to the customers within 10 minutes. It studied the market and made assumptions about the future regarding the convenience offered by such a service to the consumers who are increasingly seeking faster delivery options. (a) Identify the step of the planning process highlighted in the above case. (b) State the next three steps to be followed by 'Mefco Ltd.' after the step identified in (a) above. Ans. (a) The step of the planning process highlighted in the above case is 'Developing premises'. (b) Next three steps to be followed by 'Mefco Ltd.' after the step identified above are: (i) <u>Identifying alternative courses of action</u>, by discussing amongst the members of the organization. (ii) <u>Evaluating alternative courses of action by weighing pros and cons of each alternative</u> in the light of the objectives to be achieved. (iii) <u>Selecting an alternative</u> which is most feasible, profitable and with least negative consequences. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	1 mark + 1x3=3 = 4 marks
30	Q. 'Heights Engineering College' is one of the top engineering colleges in India known for its excellent academic programmes and strong industry connections. The college has a separate placement	

	cell which maintains a close liaison with the universities, vocational schools and management institutes to recruit qualified persons for various jobs. It works tirelessly to connect students with some of the best companies for job opportunities. Shikhar, a brilliant Environmental Engineering student was excited when he was chosen by 'Nero', a major car manufacturing company for the post of Production Manager. He received the employment contract which included the terms, conditions and date of joining. Shikhar happily accepted the employment offer. On his first day at the company, Shikhar was given a brief presentation about the company and was introduced to his superiors, subordinates and colleagues. He was taken around the workplace and given charge of the job for which he was selected. Three months later, after settling into the job, Shikhar was called by his superior and given positive feedback about his current performance as per certain pre-determined standards. State four steps of the staffing process discussed in the above case. Ans. Steps of the staffing process discussed in the above case are: (a). <u>Recruitment</u> is a process of searching for prospective employees and stimulating them to apply for jobs in the organisation in order to create a pool of the prospective job candidates. (b). <u>Selection</u> is the process of choosing the most suitable candidate from the pool of prospective candidates, in order to ensure that the organisation gets the best among available candidates. (c). <u>Placement and Orientation</u> refer to employee occupying the post for which he has been selected and introducing the selected employees to his seniors, subordinates and colleagues as well as familiarising him with the rules and policies of the organisation. (d). <u>Performance appraisal</u> involves evaluation of an employee's current/past performance as against certain predetermined standards and providing feedback. <i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i>	1x4 = 4 marks
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31	Q.(a) Explain the following techniques of Scientific Management: (i) Fatigue study (ii) Method study (iii) Differential Piece Rate Wage system Ans. (i) Fatigue study : • Fatigue Study determines the amount and frequency of rest intervals in completing a task. • The rest intervals help the workers to regain stamina and work again with the same capacity resulting in increased productivity. (ii) Method study: • Method study refers to the study undertaken to find out one best way of doing the job. • Its objective is to minimize the cost of production and maximise the quality and satisfaction of the customer. (iii) Differential Piece Rate Wage system: • Differential Piece Wage System is a technique which differentiates between efficient and inefficient workers. It rewards the efficient workers and motivates the inefficient ones to improve their efficiency. • In this plan, there are different rates of wage payment for those who perform above standard and for those who perform below standard in order to reward the efficient workers. OR (b) Explain the following features of principles of management: (i) Flexible (ii) Mainly behavioural	2 + 2 + 2 = 6 marks OR
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	(iii)Contingent Ans. (i) Flexible: • The principles of management are flexible as they are not rigid prescriptions, which have to be followed absolutely. • They can be modified by the manager when the situation so demands. They give the manager enough discretion to do so. (ii)Mainly behavioural: • Management principles aim at influencing behaviour of human beings, therefore principles of management are mainly behavioural in nature. • They enable a better understanding of the relationship between human and material resources in accomplishing organisational purposes. (iii) Contingent: • The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. • Their application has to be changed as per requirements.	2 + 2 + 2 = 6 marks
32	Q. Recognising the growing demand for luxury, convenience and personalised experience due to increased disposable income and busy work schedules, 'Ramneek Bros.' had launched a high end concierge service company two years ago. The company offers customised exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc. Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide. The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world. To communicate availability and features of their services, Ramneek Bros. advertises in high class. magazines and depends upon word	

	of mouth recommendations from existing clients. As a result, the company has successfully established itself as a market leader in their field. Quoting lines from the above case, identify and explain any three elements of marketing mix. Ans. Elements of marketing mix are (Any three): Product/Product mix: Quote: <i>“The company offers customized exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.”</i> Product means goods or services or ‘anything of value’, which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging. Price/Price mix: Quote: <i>“Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide.”</i> Price is the amount of money customers have to pay to obtain the product. It involves decisions regarding the basic price of the product, discount to customers, traders, credit terms etc. Place/Physical Distribution mix: Quote: <i>“The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world.”</i> Place or Physical Distribution include activities that make firm’s products available to the target customers. It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the	(½ mark for identifying the element + ½ mark for quoting + + 1 mark for explanation =2 marks)
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	worthiness of their clientele. • A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital. (iii) Level of competition: • Higher level of competitiveness may necessitate larger stocks of finished goods to meet urgent orders from customers. • This increases the working capital requirement. (iv) Production cycle: • Production cycle is the time span between the receipt of raw material and their conversion into finished goods. Duration and length of production cycle affects working capital required. • Working capital requirement is higher in firms with longer processing cycle and lower in firms with shorter processing cycle. OR (b) Explain the following factors affecting dividend decision of a company: (i) Taxation policy (ii) Stock market reaction (iii) Access to capital market (iv) Contractual constraints Ans. Factors affecting dividend decision of a company: (i) Taxation policy: • If tax on dividend is higher, it is better for the company to pay less by way of dividends. • As compared to this, higher dividends may be declared if tax rates are relatively lower.	+ 1 ½ + 1 ½ = 6 marks OR 1 ½
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	(ii) Stock market reaction: • Stock prices react positively to the news of increase in dividend and share prices react negatively to decrease in dividend. • Thus, the possible impact of dividend policy on the equity share price has to be considered. (iii) Access to capital market: • Large and reputed companies depend less on retained earnings to finance their growth as they have easy access to the capital market. • Such companies pay higher dividends than the smaller companies which have relatively low access to the market. (iv) Contractual constraints: • Sometimes the lender impose certain restrictions on the payment of dividends in future, while granting loans to a company. • The companies are required to ensure that the dividend does not violate the terms of the loan agreement in this regard.	+ 1 ½ + 1 ½ + 1 ½ = 6 marks
34	Q. 'TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing'. 'Home Care', 'Personal Care', 'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives. (a) Explain the organisational structure that "TnG' should choose after it decided to diversify. Also give reason in support of your answer. (b) State how the organisational structure explained in (a) above will help the organisation and the heads of different departments. Give two points in favour of each.	

	Ans. (a) TnG should choose divisional structure after it decided to diversify. This organisational structure comprises of separate business units or divisions, each unit having a divisional manager responsible for its performance. <i>(If an examinee has only identified the organisational structure and not explained it, ½ mark should be awarded)</i> Reason: Divisional structure is suitable when an organisation grows and starts manufacturing a large variety of products using different productive resources. (b) Advantages of divisional structure to the organization: (i) Divisional heads are <u>accountable for profits</u>, as revenues and costs related to different departments can be easily identified and assigned to them, which helps the organization in fixation of responsibility. (ii) It facilitates <u>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. Advantages of divisional structure to the heads of different departments: (i) <u>Product specialisation</u> helps in the development of varied skills in a divisional head and prepares him for higher positions. (ii) Each division functions as an autonomous unit which helps the divisional head in <u>faster decision making</u> as well as promotes <u>flexibility and initiative</u>. <i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	1 mark + 1 mark + 1x2 =2 + 1x2 =2 = 6 marks
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