

	-Strictly Confidential: (For Internal and Restricted Use Only) Senior Secondary School Certificate Examination March -----2025 Marking Scheme Subject---Business Studies(054) 66/7/3
	<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/ 3	MARKING SCHEME– 2025 BUSINESS STUDIES-054 66/7/3 EXPECTED ANSWERS / VALUE POINTS	Marks
1.	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
2.	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
3.	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
4.	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
5.	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
6.	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
7.	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
8.	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
9.	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

10.	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
11.	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
12.	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
13.	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
14.	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
15.	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
16.	Q. Match the statements given in Column I with the external	

source of recruitment given in Column II.

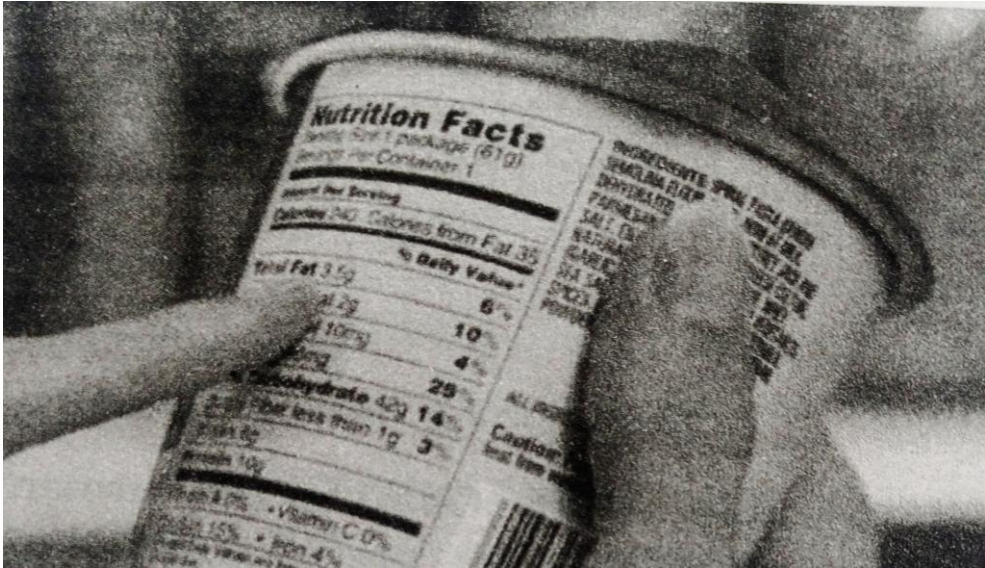
Column(I)	Column(II)
1. Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise.	(i) Recommendation of employees
2. A notice is placed on the notice board of the 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

17.	Q. Which of the following factors affects the financing decision of a company? (A) Nature of business (B) Scale of operations (C) Fixed operating costs (D) Technology upgradation Ans. (C) Fixed operating costs	1 mark
18.	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
19.	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 Note: The following question is for <i>the Visually Impaired Candidates</i> 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	1 mark
20.	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																																	
21.	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>	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 +
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	<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%).	(½ for the name of the company + 1 mark for reason) =1 ½ = 3 marks
22.	Q.(a) Explain the following features of 'Planning': (i) Planning involves decision-making. (ii)Planning is pervasive. Ans. (i)Planning involves decision-making: • Planning presupposes the existence of alternatives. If there is only one possible goal or a possible course of action, there is no need for planning because there is no choice. • Planning involves thorough examination and evaluation of various alternative courses of action and choosing the most appropriate one. (ii)Planning is pervasive: • Planning is required at all levels of management as well as in all departments of the organisation. • However, the scope of planning differs at different levels and among different departments. OR	1 ½ + 1 ½ = 3 marks OR

	(b) Explain the following types of plans: (i) Method (ii) Budget Ans. (i) Method: • Method is the prescribed way or manner in which a task has to be performed. • It deals with a task comprising one step of a procedure and specifies how this step is to be performed. (ii) Budget: • A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures. • Since budget represents all items in numbers, it becomes easier to compare actual figures with expected figures and take corrective action.	1 ½ + 1 ½ = 3 marks
23.	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 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. (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, ½ mark for each point should be awarded)	1x3 = 3 marks OR 1x3 = 3 marks
24.	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.	(½ mark for identifying + ½ mark for statement) = 1 mark + 1x2=2 = 3 marks
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	<i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	
25.	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.	1 ½ + 1 ½ + 1

	<i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	=4 marks
26.	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 border="1"> <thead> <tr> <th data-bbox="196 280 502 365">Bases</th><th data-bbox="502 280 857 365">Production philosophy</th><th data-bbox="857 280 1211 365">Product philosophy</th></tr> </thead> <tbody> <tr> <td data-bbox="196 365 502 584">(i)Main focus</td><td data-bbox="502 365 857 584">Its main focus is on quantity of product.</td><td data-bbox="857 365 1211 584">Its main focus is on quality, performance and features of product.</td></tr> <tr> <td data-bbox="196 584 502 887">(ii)Means</td><td data-bbox="502 584 857 887">According to this philosophy, products are to be made available at an affordable price.</td><td data-bbox="857 584 1211 887">According to this philosophy, product improvements are key to success.</td></tr> <tr> <td data-bbox="196 887 502 1106">(iii)Ends</td><td data-bbox="502 887 857 1106">Its objective is to earn profit through volume of production.</td><td data-bbox="857 887 1211 1106">Its objective is to earn profit through product quality.</td></tr> </tbody> </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
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27.	Q.(a) Explain 'Status' and 'Employee Empowerment' as non-financial incentives. Ans. 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. Employee Empowerment: • It means giving more autonomy and powers to subordinates. • Empowerment makes people feel that their jobs are important. This feeling contributes positively to the use of skills and talents in the job performance.	2 + 2 =4 marks												

	OR (b) Explain any two semantic barriers to effective communication. Ans. Semantic barriers to effective communication (Any two with suitable explanation): (i) Badly expressed message (ii) Symbols with different meanings (iii) Faulty translations (iv) Unclear assumptions (v) Technical jargon (vi) Body language and gesture decoding <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 'Directing'. Ans. Features of 'Directing': (i) <u>Directing initiates action</u> while other functions prepare a setting for action. (ii) <u>Directing takes place at every level of management</u> as every manager, from top executive to supervisor performs the function of directing. (iii) <u>Directing is a continuous process</u> because it takes place throughout the life of the organisation irrespective of people occupying managerial positions. (iv) <u>Directing flows from top to bottom</u> as every manager can direct his immediate subordinate and take instructions from his immediate boss. <i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i>	1 x4 = 4 marks

	OR (b) State the relationship between 'Planning' and 'Controlling' functions of management. Ans. Relationship between 'Planning' and 'Controlling' functions of management: • <u>Planning without controlling is meaningless and at the same time, controlling is blind without planning</u> because a system of control presupposes the existence of certain standards which are provided by planning and controlling monitors the progress of plans. • <u>Planning is a pre-requisite for controlling</u> as it provides predetermined standards of performance while <u>controlling seeks to compel events to conform to plans.</u> • <u>Planning is prescriptive</u> as it prescribes an appropriate course of action whereas, <u>controlling is evaluative</u> which involves checking whether decisions have been translated into desired action or not. • <u>Both Planning and Controlling are forward looking</u> as both aim to improve future performance and <u>both are looking backwards</u> as well, as postmortem of past activities is conducted to find out deviations from the standards which serve as a guide for planning.	OR 1 x4 = 4 marks
29.	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
30.	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 only listed the underlined points, ½ mark for each point should be awarded)	1 mark + 1x3=3 = 4 marks
31.	Q.(a) Explain the following principles of general management: (i) Division of work (ii) Authority and Responsibility (iii) Discipline Ans. (i) Division of work - The principle of Division of work suggests that work can be performed more efficiently if it is divided into specialised 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 specialization which results in efficient and	2

	effective output. (ii) Authority and Responsibility • The principle of Authority and Responsibility suggests that managers require <u>authority commensurate with their responsibility</u>. • An organisation should build <u>safeguards against abuse</u> of managerial power. At the same time, a manager should have necessary authority to carry out his responsibility. (iii) Discipline • It is the <u>obedience to organizational rules and employment agreement</u> which are necessary for the working of the organization. • It requires <u>good superiors at all levels, clear and fair agreement</u> and judicious application of penalties. OR (b) Explain the following points of significance of principles of management: (i) Scientific decisions (ii) Providing managers with insights into reality (iii) Meeting changing environment requirements Ans. Significance of principles of management: (i) Scientific decisions: • Principles of management help in taking scientific decisions because the decisions based on principles are free from bias and prejudice and emphasise logic rather than blind faith.	+ 2 + 2 = 6 marks OR
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	- Scientific decisions based on principles are timely, realistic and subject to measurement and evaluation. They are based on the objective assessment of the situation. (ii) Providing managers with insights into reality: - Principles of management provide useful insights into reality by enabling the managers to learn from past mistakes and conserve time by solving recurring problems quickly. - Adherence to these principles adds to their knowledge, ability and understanding of managerial situations and circumstances thereby increasing managerial efficiency. (iii) Meeting changing environment requirements: : - Principles of management help the managers in meeting changing environment requirements because they can be modified according to the changes taking place in the environment. - As management principles are flexible, they are able to adapt to dynamic business environment.	2 + 2 + 2 = 6 marks
32.	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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33.	Q.(a) Explain the following factors affecting the working capital requirements of a company: (i) Operating Efficiency (ii) Business Cycle (iii) Credit Allowed (iv) Availability of Raw Material Ans. Factors affecting the working capital requirements of a company: (i) Operating Efficiency: - Firms manage their operations with varied degrees of efficiency in managing raw material, sales, etc. - Operating efficiency reduces the level of raw materials, finished goods and debtors resulting in lower requirement of working capital. (ii) Business Cycle: - In case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required. - During the period of depression, the requirement for working capital will be lower as the sales as well as production will be small. (iii) Credit Allowed: - Different firms allow different credit terms to their customers, depending upon the level of competition as well as the credit worthiness of their clientele. - A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital. (iv) Availability of Raw Material:	1 ½ + 1 ½ + 1 ½

	• If the raw materials and other required materials are available freely and continuously, lower stock levels may be sufficient. • Moreover, larger the lead time (the time lag between the placement of order and actual receipt of the materials), larger the quantity of material to be stored and larger shall be the amount of working capital required. OR (b) Explain the following factors affecting the choice of capital structure of a company: (i) Flexibility (ii) Flootation costs (iii) Stock market conditions (iv) Control Ans: Factors affecting the choice of capital structure of a company: Flexibility: • A firm loses flexibility to issue further debt if it uses its debt potential to the full. • To maintain flexibility, it must maintain some borrowing power to take care of unforeseen circumstances. Flootation Costs: • 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. Stock Market Conditions:	+ 1 ½ = 6 marks OR 1 ½ + 1 ½ +
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	- Companies prefer to use equity if the stock markets are bullish, as equity shares are more easily sold even at a higher price. - However, during a bearish phase, a company, may find raising of equity capital more difficult and it may opt for debt. Control: - A public issue of equity may reduce the managements' holding in the company and make it vulnerable to takeover. - However, debt normally does not cause a dilution of control.	1 ½ + 1 ½ =6 marks
34.	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</i>	

	It uses a combination of promotional tools such as advertising, personal selling and sales promotion techniques.	= 6 marks
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