

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior Secondary Supplementary School Examination, 2026 (XIIth)
BUSINESS STUDIES (054 – 66/7/2)

General Instructions : -

1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, evaluation done and several other aspects. Its leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in Newspaper/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 80 marks 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 Strictly Confidential (For Internal and Restricted use only) Senior Secondary Supplementary School Examination, 2026 (XIIth) BUSINESS STUDIES (054 – 66/7/2)	
Q. No.	EXPECTED OUTCOMES/VALUE POINTS	Marks
1.	Q. Which of the following statements is <i>incorrect</i> with respect to ‘strategy’ as a type of plan? (A) Strategy provides the broad contours of an organization’s business. (B) Strategy refers to future decisions defining the organization’s direction and scope in the long run. (C) Strategy is the desired future position that the management would like to reach. (D) Strategy is a comprehensive plan for accomplishing an organization’s objectives. Ans. (C) Strategy is the desired future position that the management would like to reach.	1 mark
2.	Q. ‘Taylor called for complete mental revolution on the part of both management and workers. It means that management and workers should transform their thinking.’ The principle of Scientific Management being referred to, in the above statement is: (A) Science, not Rule of Thumb (B) Harmony, not Discord (C) Cooperation, not Individualism (D) Development of each and every person to his or her Greatest Efficiency and Prosperity Ans. (B) Harmony, not Discord	1 mark
3.	Q. ‘There are various measures to overcome communication barriers and improve communication effectiveness.’ Which one of the following is <i>not</i> a correct measure? (A) Communicate according to the needs of the receiver (B) Success of communication is not dependent upon proper feedback (C) Consult others before communicating (D) Be aware of language, tone and content of the message Ans. (B) Success of communication is not dependent upon proper feedback	1 mark
4.	Q. Identify the level of packaging that refers to additional layers of protection that are kept until the product is ready for use :	

	(A) Primary packaging (B) Secondary packaging (C) General packaging (D) Transportation packaging Ans. (B) Secondary packaging	1 mark										
5.	Q. Match the Element of Promotion Mix given in Column-I with its Explanation given in Column-II: <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>1. Public Relations</td><td>(i) It is an impersonal form of communication, which is paid for by the marketers (sponsors) to promote some goods or services</td></tr><tr><td>2. Sales Promotion</td><td>(ii) It involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public</td></tr><tr><td>3. Advertising</td><td>(iii) It involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales</td></tr><tr><td>4. Personal Selling</td><td>(iv) It refers to short term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service</td></tr></table> Choose the correct option from the following: (A) 1-(ii), 2-(iii), 3-(i), 4-(iv) (B) 1-(i), 2-(iv), 3-(ii), 4-(iii) (C) 1-(iv), 2-(i), 3-(iii), 4-(ii) (D) 1-(ii), 2-(iv), 3-(i), 4-(iii) Ans. (D) 1-(ii), 2-(iv), 3-(i), 4-(iii)	Column-I	Column-II	1. Public Relations	(i) It is an impersonal form of communication, which is paid for by the marketers (sponsors) to promote some goods or services	2. Sales Promotion	(ii) It involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public	3. Advertising	(iii) It involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales	4. Personal Selling	(iv) It refers to short term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service	1 mark
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6.	Q. Under the _____ concept, availability and affordability of the product are considered to be the key to the success of a firm. (A) Marketing (B) Selling (C) Product (D) Production Ans. (D) Production	1 mark										
7.	Q. Nikhil owned a paper manufacturing business. His business had been facing losses for the last two years. Nikhil's son, Ravi, who had just completed his studies, had joined his father's business. Ravi was interested in sustainability and thus suggested his father that they should start making eco-friendly paper products. Nikhil agreed and asked Ravi to prepare a proper plan for the same. He also asked Ravi to											

	set a target of earning profit of 10% on sales in the first year itself. Ravi, then began collecting information about the market demand, consumer preferences, availability of raw materials, competition, etc. Based on this information, he made certain assumptions about the future, such as expected demand for eco-friendly paper products, its price, etc. The step of the planning process performed by Ravi was: (A) Identifying alternative courses of action (B) Developing premises (C) Setting objectives (D) Implementing the plan Ans. (B) Developing premises	1 mark
8.	Q. Identify the marketing function depicted in the picture given below:  (A) Promotion (B) Packaging and Labelling (C) Storage or Warehousing (D) Transportation Ans. (D) Transportation <i>Note: The following question is for the Visually Impaired Candidates only, in lieu of Q. No. 8.</i> Q. Identify the component of physical distribution whose need arises because there may be a difference between the time a product is produced and the time it is required for consumption. (A) Order processing (B) Transportation (C) Warehousing (D) Inventory control Ans. (C) Warehousing	1 mark
9.	Q. ‘Business Environment is the sum total of all things external to business firms and, as such, is aggregative in nature.’ The feature of business environment reflected in the given statement is: (A) Specific and general forces (B) Inter-relatedness (C) Totality of external forces (D) Complexity	

	Ans. (C) Totality of external forces	1 mark
10.	Q. Ajit planned to open a Coffee Café within a couple of months. After the plans were finalised, he divided the work to be done into manageable activities such as purchasing raw materials, food preparation, billing, customer service, cleaning, home delivery, etc. This was done to avoid duplication and to share the burden of work among the employees. The step of the organising process performed by Ajit is: (A) Departmentalisation (B) Assignment of duties (C) Identification and division of work (D) Establishing authority and reporting relationships Ans. (C) Identification and division of work	1 mark
11.	Q. Akki, the Chief Executive Officer of Atria Ltd., a company engaged in manufacturing consumer electrical appliances, was planning to expand his business. For that, large amount of funds were required. He was evaluating different sources of finance and the best mix of funds. Akki approached his friend, Pranav, a Chartered Accountant for guidance. During their discussion, Pranav talked about financial leverage and advised Akki to use more of debt for expansion. Pranav explained that as the financial leverage increases, the cost of funds declines because of increased use of cheaper debt, though the financial risk increases. However, Akki was unable to clearly understand the meaning of financial leverage. Which of the following statements best explains the meaning of financial leverage with reference to the above case ? (A) It is the chance that a firm would fail to meet its payment obligations. (B) It relates to how the firm's funds are invested in different assets. (C) It is the proportion of debt in the overall capital. (D) It is the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest. Ans. (C) It is the proportion of debt in the overall capital.	1 mark
12.	Q. Read the following statements carefully: Statement I: In Laissez-faire leadership style, the leader develops action plans and makes decisions in consultation with his subordinates. Statement II: In Autocratic leadership style, communication is only oneway, with the subordinate only acting according to the command given by the manager. In light of the given statements, choose the correct alternative from the following: (A) Both Statement I and Statement II are true.	

	(B) Both Statement I and Statement II are false. (C) Statement I is true and Statement II is false. (D) Statement I is false and Statement II is true Ans. (D) Statement I is false and Statement II is true.	1 mark
13.	Q. The process of converting the message into communication symbols such as words, pictures, gestures etc. is known as _____. (A) Feedback (B) Media (C) Encoding (D) Decoding Ans. (C) Encoding	1 mark
14.	Q. Kavita was gifted a lot of equity shares of different companies by her grandfather on her birthday. The shares were in the form of physical share certificates. Although, the certificates were legally valid, they were difficult to store, manage and trade. So, Kavita got the shares converted into an electronic form. The process followed by Kavita to get the shares converted into electronic form is known as: (A) Dematerialisation (B) Materialisation (C) Depository (D) Rematerialisation Ans. (A) Dematerialisation	1 mark
15.	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): Transportation is one of the major elements in the physical distribution of goods. Reason (R): There may be a difference between the time a product is produced and the time it is required for consumption. Choose the correct alternative from the following: (A) Assertion (A) is true, but Reason (R) is false. (B) Assertion (A) is false, but Reason (R) is true. (C) Both Assertion (A) and Reason (R) are false. (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) Ans. (A) Assertion (A) is true, but Reason (R) is false.	1 mark
16.	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): Financial planning makes the firm better prepared to face the future. Reason (R): It helps in forecasting what may happen in future under different business situations.	

	Choose the correct alternative from the following: (A) Assertion (A) is true, but Reason (R) is false. (B) Assertion (A) is false, but Reason (R) is true. (C) Both Assertion (A) and Reason (R) are false. (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). Ans. (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 mark
17.	Q. Shweta, a graduate from ‘Premier Institute of Fashion Technology’, was keen to start her own fashion accessories business. She used foresight and intelligent imagination to visualise future demand for her products and possible challenges she could face. Shweta relied on logical and systematic thinking to decide the actions to be taken on various aspects of the business, such as target customers, the types of products to design and the resources required. The feature of planning highlighted in the above case is: (A) Planning is futuristic (B) Planning involves decision-making (C) Planning focuses on achieving objectives (D) Planning is a mental exercise Ans. (D) Planning is a mental exercise	1 mark
18.	Q. Sudha works in a departmental store. Her job is to ensure that her department is adequately staffed and that her team performs at an optimum level. She assigns them duties and responsibilities and motivates them to ensure that they achieve the desired objectives. The level of management at which Sudha is working is: (A) Top Level (B) Middle Level (C) Operational Level (D) Both Top and Middle Level Ans. (B) Middle Level	1 mark
19.	Q. Read the following statements carefully: Statement I: A formal organisation emerges spontaneously from within the informal organisation. Statement II: In an informal organisation, unity of command is maintained through an established chain of command. Choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false.	

	Ans. (D) Both Statement I and Statement II are false.	1 mark
20.	Q. According to Maslow, within every human being, there exists a hierarchy of five needs. Identify the correct sequence of these needs from the lowest level to the highest level: (A) Basic Physiological needs, Safety/Security needs, Esteem needs, Affiliation/Belongingness needs, Self Actualisation needs (B) Basic Physiological needs, Esteem needs, Safety/Security needs, Affiliation/Belongingness needs, Self Actualisation needs (C) Basic Physiological needs, Affiliation/Belongingness needs, Safety/Security needs, Esteem needs, Self Actualisation needs (D) Basic Physiological needs, Safety/Security needs, Affiliation/Belongingness needs, Esteem needs, Self Actualisation needs Ans. (D) Basic Physiological needs, Safety/Security needs, Affiliation/Belongingness needs, Esteem needs, Self Actualisation needs	1 mark
21.	Q. VTK Ltd. was a well known company engaged in selling sweets and beautifully crafted gift hampers. Taking advantage of the traditions of distributing sweets and exchanging gift-packs during festivals in India, VTK Ltd. experienced high demand for its products. The company regularly introduced special festive packs and promotional offers. The company noticed that customers were not only expecting attractive offers, but also faster services, easy payment options and better availability of products. In order to meet those expectations, the company introduced computer-based billing, digital payment facilities and an online system through which customers could place orders from their homes. In the above case, the two important dimensions of business environment have been discussed. Identify and explain these dimensions. Ans. Dimensions of business environment (a) <u>Social Environment</u> The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc. which present various opportunities and threats to business enterprises. (b) <u>Technological Environment</u> The technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.	(½ mark for identification + 1 mark for explanation) = 1 ½ x 2 = 3 marks

22.	Q.(a) Explain the following points of importance of planning: (i) Planning provides directions (ii) Planning facilitates decision-making Ans. Importance of Planning (i) <u>Planning provides directions</u> Planning provides directions for action by stating in advance how work is to be done. It ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. (ii) <u>Planning facilitates decision-making</u> Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. It involves evaluating each alternative and selecting the most viable proposition. OR Q.(b) Explain the following types of plans: (i) Policy (ii) Procedure Ans. Types of Plans (i) <u>Policy</u> Policies are general statements that guide thinking or channelise energies towards a particular direction. They define the broad parameters within which a manager may function. The manager may use his/her discretion to interpret and apply a policy. (ii) <u>Procedure</u> Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed to enforce a policy and to attain pre-determined objectives.	1 ½ + 1 ½ = 3 marks OR 1 ½ + 1 ½ = 3 marks
23.	Q. CD Mart was a growing retail chain in India, operating multiple stores across five cities. It decided to expand its operations further. As the business grew, it became difficult for the senior manager to devote time on important policy decisions. Since that was critical, the Chief Executive Officer, Meera, adopted the policy of selective dispersal of authority in store operations as she believed that the employees were competent, capable and resourceful and could assume responsibility for effective implementation of their decisions. This reduced the need for direct supervision exercised by a superior, giving the top management more time to focus on important policy decisions. This also allowed subordinates to handle assignments	

	independently. The management was thus able to develop a reservoir of qualified manpower, who would be considered to fill up more challenging positions. (a) Identify and state the concept of management which was adopted by Meera, the Chief Executive Officer of CD Mart, in the above case. (b) Also explain two points of importance of the concept identified in (a) above. Ans. (a) Decentralisation Decentralisation refers to delegation of authority throughout all the levels of the organisation so that decision making authority is shared with lower levels, and consequently, placed nearest to the points of action. (b) Importance of Decentralisation: (Any Two) (i) <u>Develops initiative among subordinates:</u> Decentralisation helps to promote self-reliance and confidence amongst the subordinates. When lower managerial levels are given freedom to take their own decisions, they learn to depend on their own judgment. (ii) <u>Develops managerial talent for the future:</u> Decentralisation gives subordinates a chance to prove their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions. (iii) <u>Quick decision making:</u> In a decentralized organisation, since the decisions are taken at levels which are nearest to the points of action, there is no requirement for approval from many levels, thus, making the decision- making process fast. (iv) <u>Relief to top management:</u> Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate. It leaves the top management with more time which they can devote to important policy decisions. (v) <u>Facilitates growth:</u> Decentralisation awards greater autonomy to the lower levels of management. Consequently, with each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes. (vi) <u>Better control:</u> Decentralisation makes it possible to evaluate the performance at each level and hold the departments individually accountable for their results. Feedback from all levels helps to analyse variances and improve operations.	½ mark for identifying + ½ mark for stating the concept + (½ mark for naming + ½ mark for explanation) = 1 x 2 = 3 marks
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24.	Q.(a) Distinguish between ‘Functional structure’ and ‘Divisional structure’ of an organisation on the basis of the following: (i) Formation (ii) Specialisation (iii) Managerial development Ans. <u>Difference between ‘Functional structure’ and ‘Divisional structure’:</u> <table border="1" data-bbox="284 468 1157 1092"> <thead> <tr> <th>Basis</th><th>Functional Structure</th><th>Divisional Structure</th></tr> </thead> <tbody> <tr> <td>(i) Formation</td><td>Formation of functional structure is based on functions.</td><td>Formation of divisional structure is based on product lines and is supported by functions.</td></tr> <tr> <td>(ii) Specialisation</td><td>There is functional specialisation.</td><td>There is product specialisation.</td></tr> <tr> <td>(iii) Managerial Development</td><td>Managerial development is difficult, as each functional manager has to report to the top management.</td><td>Managerial development is easier, because autonomy as well as the chance to perform multiple functions helps in managerial development.</td></tr> </tbody> </table> OR Q. (b) Distinguish between ‘Formal organization’ and ‘Informal organization’ on the basis of the following: (i) Authority (ii) Leadership (iii) Flow of communication Ans. <u>Difference between ‘Formal organization’ and ‘Informal organization’:</u> <table border="1" data-bbox="284 1505 1162 1818"> <thead> <tr> <th>Basis</th><th>Formal organisation</th><th>Informal organisation</th></tr> </thead> <tbody> <tr> <td>(i) Authority</td><td>Authority arises by virtue of position in management</td><td>Authority arises out of personal qualities.</td></tr> <tr> <td>(ii) Leadership</td><td>Managers are leaders in a formal organization.</td><td>Leaders of informal organization may or may not be managers. They are chosen by the group.</td></tr> </tbody> </table>	Basis	Functional Structure	Divisional Structure	(i) Formation	Formation of functional structure is based on functions.	Formation of divisional structure is based on product lines and is supported by functions.	(ii) Specialisation	There is functional specialisation.	There is product specialisation.	(iii) Managerial Development	Managerial development is difficult, as each functional manager has to report to the top management.	Managerial development is easier, because autonomy as well as the chance to perform multiple functions helps in managerial development.	Basis	Formal organisation	Informal organisation	(i) Authority	Authority arises by virtue of position in management	Authority arises out of personal qualities.	(ii) Leadership	Managers are leaders in a formal organization.	Leaders of informal organization may or may not be managers. They are chosen by the group.	1 x 3 = 3 Marks OR 1 x 3
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	(iii) Flow of communication	Communication takes place through the scalar chain.	Flow of communication is not through a planned route. It can take place in any direction.	=3 Marks
25.	Q.(a) Explain the following components of physical distribution: (i) Order processing (ii) Inventory control Ans. (i) Order processing: - A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which goods would reach the customers late or in wrong quantity or specifications. - If orders are not processed accurately, it would result in customer dissatisfaction, with the danger of loss of business and goodwill. (ii) Inventory control: - It involves deciding about the level of inventory. Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because lot of capital would be tied up in the stock. - A balance is to be maintained in respect of the cost and customer satisfaction. OR Q. (b) Explain the following factors affecting the price determination of a product: (i) The utility and demand (ii) Extent of competition in the market Ans. Factors affecting the price determination of a product: (i) The utility and demand: - The utility provided by the product and the intensity of demand of the buyer set the upper limit of price which a buyer would be prepared to pay. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid. - Consumers usually purchase more units at a low price than at a high price. (ii) Extent of competition in the market: - Price of a product is affected by the nature and the degree of competition. The price will tend to reach the upper limit in case there is lesser degree of competition and vice versa. - Price, quality and features of the competitive products must be examined before fixing the price.			2 + 2 =4 Marks OR 2 + 2

		=4 Marks
26.	Q. (a) Explain the following factors affecting the requirements of fixed capital of a company : (i) Diversification (ii) Level of collaboration Ans: Factors affecting the requirements of fixed capital of a company: (i) <u>Diversification</u>: When a firm chooses to diversify its operations, its fixed capital requirements increase. (ii) <u>Level of collaboration</u>: • If business organisations share each other's facilities, the level of investment in fixed assets for each one of the participating organisations would reduce. • This is feasible if the scale of operations of each one of them is not sufficient to make full use of the facility. OR Q. (b) Explain the following factors affecting the choice of capital structure of a company : (i) Tax rate (ii) Risk consideration Ans. Factors affecting the choice of capital structure of a company : (i) <u>Tax rate</u>: • Tax rate affects the cost of debt as interest is a deductible expense. • A higher tax rate makes debt relatively cheaper and increases its attraction vis-à-vis equity. (ii) <u>Risk consideration</u>: • The total risk of a business depends upon both the business risk and the financial risk. Use of debt increases the financial risk of the business. Higher fixed operating costs result in higher business risk and vice-versa. • If a firm's business risk is lower, its capacity to use debt is higher and vice-versa.	2 + 2 =4 Marks OR 2 + 2 =4 Marks
27.	Q. Zenne Solutions, a project services company was growing rapidly, but was facing internal management problems from some time. The employees in the company were working on client projects and had to report to both the Project Manager and the Technical Head. The Project Manager asked them to finish the work within strict deadlines whereas, the Technical Head asked them to follow detailed work procedures and check everything carefully. As a result, the	

	employees were confused about whose instructions to follow and their performance started declining. Also, the employees were frequently changed or removed from their job positions. They were not given sufficient time to show their results. This created insecurity among the employees. The quality of the work and the company's image were being affected by this, leading to a loss of clients. Identify and explain the two principles of management that Zenne Solutions have not followed in the above case. Ans. Principles of management (i) <u>Unity of Command</u> • The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior. • Dual subordination should be avoided. Unity of command prevents confusion regarding tasks to be done. (ii) <u>Stability of Personnel</u> • The employees should have stability of tenure. Once they are selected, they should be kept at their post/position for a minimum fixed tenure and given reasonable time to show results. • Any adhocism in this regard will create instability/insecurity among employees and they would tend to leave the organisation. As a result, recruitment, selection and training cost will be high. Thus, employee turnover should be minimized to maintain organizational efficiency.	(1 mark for identification + 1 mark for explanation) = 2 x 2 = 4 marks
28.	Q. Arjun ran a successful retail store specialising in organic products. Over the last few years, his business had been doing very well and the number of customers visiting the store had increased significantly. To meet the growing demand, he decided to expand his business. He was evaluating two investment options: Option A : Open a new store in the city. Option B : Launch an online e-commerce platform. Both the options would involve a huge amount of investment and once made, it would be almost impossible for him to wriggle out of such a decision. Therefore, this decision needed to be taken with utmost care. Arjun was proceeding very carefully as one wrong decision could severely damage the financial fortune of his business. (i) Identify the financial decision to be taken by Arjun. (ii) Explain any three factors which would affect this decision. Ans. (i) Investment decision (Long Term Investment decision/ Capital Budgeting decision) (ii) Factors affecting Investment decision/ Capital Budgeting decision	1 +

	(a) <u>Cash flows of the project:</u> When a company takes an investment decision involving huge amount it expects to generate some cash flows over a period in the form of a series of cash receipts and payments. The amount of these cash flows should be carefully analysed before considering a capital budgeting decision. (b) <u>Rate of return:</u> The rate of return of the project is based on the expected returns from each proposal and the assessment of the risk involved. (c) <u>Investment criteria involved:</u> There are different techniques to evaluate investment proposals which involve a number of calculations regarding the amount of investment, interest rate, cash flows and rate of return. These techniques are applied to each proposal before selecting a particular project.	(½ mark for naming the factor + ½ mark for its explanation) = 1 x 3 = 1+3 = 4 marks
29.	Q. Sakshi is a high performing software engineer working in Bolera Ltd. She received a job offer with a significantly higher pay package from a competing firm. Though the offer was financially very attractive, she did not want to leave her present job because she felt valued in the organization and liked its work-climate like individual autonomy, consideration to employees, etc. So, Sakshi approached her manager and told him about this job offer. Her manager did not want to lose her. Although the competing firm was offering a higher salary, the manager of Bolera Ltd. assured her to provide many other benefits. Over the next few weeks, her existing job was redesigned by the manager to make it more interesting. Her job now included a greater variety of work content, requiring higher level of knowledge and skill, which motivated Sakshi. Not only this, her name was also displayed on the notice-board of the company, highlighting her achievements. In addition, she was given the status of a ‘Technical Head’ for a major upcoming project, which carried more authority, responsibility, autonomy and powers. The management also provided her with opportunities to improve her skills by offering her training in advanced tools and technologies, so that she would be promoted to higher level jobs in the future. All these measures satisfied her psychological, social and esteem needs. Sakshi now felt confident about her growth and future with Bolera Ltd. Now she no more wanted to look for other competitive packages in other firms. Identify and explain four non-financial incentives provided to Sakshi. Ans. Non- financial incentives provided to Sakshi are: 1. <u>Status:</u> Status refers to the ranking of positions in an organisation, as reflected by the authority, responsibility, rewards, recognition, perquisites, and prestige associated with a managerial position.	(½ mark for naming the incentive +)

	2. <u>Employee Recognition programmes:</u> Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at higher level. 3. <u>Job Enrichment:</u> Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide the opportunity for personal growth and a meaningful work experience. 4. <u>Career Advancement Opportunity:</u> Appropriate skill development programmes, and sound promotion policy will help employees to achieve promotions which works as a tonic and encourages employees to exhibit improved performance.	½ mark for its explanation) = 1 x 4 = 4 Marks
30.	Q. Chitra, a software engineer, received a bonus for best performance from her company and wanted to invest it in the stock market. Having researched various companies, she identified XYZ Ltd. as a promising investment opportunity. She approached her registered stock broker and placed an order to buy 100 shares of XYZ Ltd. at ₹ 500 per share. The order was executed electronically and the broker issued a trade confirmation slip to Chitra. After the trade was executed, the broker issued a note which was sent to Chitra electronically within 24 hours, fulfilling regulatory requirements. (i) Name the note issued by the broker to Chitra. (ii) List the four details which are mentioned in the note identified in (i) above. (iii) Why is the note issued by the broker to Chitra considered an important document? State. Ans. (i) Contract Note (ii) Details which are mentioned in Contract Note: • Number of shares bought or sold • Price • Date and time of deal • Brokerage charges (i) The Contract Note issued by the broker to Chitra is considered an important document as it is legally enforceable and helps to settle disputes/claims between the investor and the broker.	1 + (½ mark for each detail) = ½ x 4 + 1 = 4 marks
31.	Q. ‘Spice and Taste Ltd.’ was a leading company of spice mixes and curry powders. It had a strong foothold in both national and international markets. The company had laid down clear quality standards for each of its products. However, in the last two quarters, the company began receiving an increasing number of complaints	

	regarding the quality of its products. This led to a decline in export orders as well as domestic demand. Recognising the threat to its brand reputation, the management decided to closely monitor the production process to investigate the cause of the problem. For this purpose, the company initiated sample checking and conducted stringent quality checks on nearly 500 packets every week. (i) Identify the function of management highlighted above. (ii) Explain the steps of this function discussed above. (iii) Also explain the steps which are required to complete the process of the function identified in (i) above. Ans. (i) The function of management highlighted is Controlling. (ii) Steps of controlling discussed in the above para: 1. <u>Setting Performance Standards</u> Standards are the criteria against which actual performance would be measured. Standards can be set in both quantitative as well as qualitative terms. 2. <u>Measurement of Actual Performance</u> Performance should be measured in an objective and reliable manner and in the same units in which standards are set. Measurement of work should be done during the performance, wherever possible. (iii) Steps which are required to complete the process of the controlling function: 1. <u>Comparing Actual Performance with Standards</u> This involves comparison of actual performance with the standard to reveal the deviations. 2. <u>Analysing Deviations</u> Analysing deviations involves identifying the exact cause of deviations. Deviations in key areas of business (critical point control) and the deviations which go beyond the acceptable range (management by exception), need to be attended more urgently as compared to the deviations in certain insignificant areas. 3. <u>Taking Corrective Action:</u> Taking corrective action requires immediate managerial attention when deviations go beyond acceptable limits, especially in the important areas, or revising standards, if deviations cannot be corrected through managerial action.	1 + (½ mark for identifying + ½ mark for explaining each step) = 1 x 2 + (½ mark for identifying + ½ mark for explaining each step) = 1 x 3 = 1 + 2+ 3 = 6 marks
32.	Q. Shubha wanted to buy a refrigerator for her house. She visited a large showroom where refrigerators of different brands, capacities, features and price ranges were displayed. The sales person informed her about the various options available. Shubha compared them on the basis of quality, brand, size and price and then chose the one that best suited her family's needs and budget. She purchased a	

	refrigerator for ₹ 96,000 with a one year warranty. Within two weeks, the refrigerator stopped cooling properly. Shubha tried to contact the manufacturer several times through e-mails and phone calls but there was no response from their side. Feeling dissatisfied, Shubha decided to file a complaint in an appropriate consumer court. After examining the evidence, the consumer court found the company guilty of supplying a defective product and failing to resolve the complaint within a reasonable time. The court ordered the manufacture to replace the refrigerator with a new one or refund the money along with compensation for the inconvenience caused to Shubha. (i) Identify and state the three consumer rights discussed in the above case. (ii) Which consumer court did Shubha approach and why? (iii) State any one responsibility that Shubha fulfilled as a consumer. (iv) State any two reliefs granted by the consumer court to Shubha Ans. (i) Consumer Rights • <u>Right to be assured</u>: Consumers have the freedom to choose from a wide variety of products available at competitive prices, requiring marketers to offer diverse options in terms of quality, brand, price, size, and other features. • <u>Right to be heard</u>: Consumers have the right to file complaints and be heard in case of dissatisfaction with goods or services, encouraging many business firms to set up their own consumer service and grievance cells. • <u>Right to seek redressal</u>: The Consumer Protection Act 2019 provides for redressal to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc., in case the product or service falls short of its expectations. (ii) The consumer court Shubha should approach is District Commission as the value of goods and services in question, along with the compensation claimed, does not exceed ₹1 crore. (iii) <u>Responsibility that Shubha fulfilled as a consumer (Any one)</u>: • Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. • File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small. (iv) <u>Reliefs granted by the consumer court to Shubha (Any two)</u>: • To replace the defective product with a new one, free from any defect.	(½ mark for identification + ½ mark for stating) = 1 x 3 + ½ + ½ + 1 + ½ + ½
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	- To pay reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. - To refund the price paid for the product or charges paid for the service.	= 3+1+1+1 = 6 Marks
33.	Q.(a) Explain the following features of management : (i) Management is a group activity (ii) Management is a dynamic function (iii) Management is a continuous process Ans. Features of management : <u>(i) Management is a group activity:</u> - An organisation is a collection of diverse individuals with different needs who have different purposes for joining the organisation. - Management builds team work and coordination of individual efforts in a common direction for fulfilling organisational goals, and at the same time, enables all its members to grow and develop as needs and opportunities change. <u>(ii) Management is a dynamic function:</u> - An organisation interacts with its external environment which consists of various social, economic and political factors. - Management is a dynamic function and has to change/adapt itself according to the needs of the changing environment. <u>(iii) Management is a continuous process:</u> - The process of management is a series of continuous, composite, but separate functions. - These functions are simultaneously performed by all managers all the time. The task of a manager consists of an ongoing series of functions. OR Q.(b) Explain the following features of principles of management : (i) Flexible (ii) Mainly behavioural (iii) Cause and effect relationship Ans. Features of principles of management: <u>(i) Flexible:</u> - The principles of management are flexible and can be modified by the manager when the situation so demands. - They are not rigid prescriptions, which have to be followed absolutely. <u>(ii) Mainly behavioural:</u>	2 + 2 + 2 = 6 Marks OR 2 +

	• Management principles aim at influencing behaviour of human beings. • These principles enable a better understanding of the relationship between human and material resources in accomplishing organisational purposes. (iii) <u>Cause and effect relationship:</u> • The principles of management are intended to establish relationship between cause and effect so that they can be used in similar situations in a large number of cases. • The principles of management are less than perfect since they mainly apply to human behaviour and in real life, situations are not identical so, accurate cause and effect relationships may be difficult to establish.	2 + 2 = 6 Marks
34.	Q. (a) Explain the following steps of the staffing process: (i) Placement and Orientation (ii) Training and Development (iii) Promotion and Career Planning Ans. Steps of the staffing process: (i) <u>Placement and Orientation:</u> • Placement refers to the employee occupying the position or post for which the person has been selected. • Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. (ii) <u>Training and Development:</u> • Organizations have either in house training centers or have forged alliances with training and educational institutes to ensure continuing learning of their employees. • By offering the opportunities for career advancement to their members, organisations are not only able to attract but also retain its talented people. If employee motivation is high, their competencies are strengthened, they perform better and thus, contribute more to organisational effectiveness and efficiency. (iii) <u>Promotion and Career Planning:</u> • Promotions refer to being placed in positions of increased responsibility. They usually mean more pay, responsibility and job satisfaction. • Managers need to design activities to serve employees' long term interests also. They must encourage employees to grow and realise their full potential. OR Q. (b) Explain the following external sources of recruitment:	2 + 2 + 2 =6 Marks OR

	(i) Direct Recruitment (ii) Labour Contractors (iii) Web Publishing Ans. External sources of recruitment: (i) <u>Direct recruitment:</u> • Under direct recruitment, a notice is placed on the noticeboard of the enterprise specifying the 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. • It is used for filling casual vacancies of unskilled or semiskilled jobs, and is suitable, when there is a rush of work or when some permanent workers are absent. (ii) <u>Labour contractors:</u> • Labour contractors, who may be employees of the organisation, maintain close contacts with labourers and provide the required number of unskilled workers at short notice. • In case the contractor himself decides to leave the organisation, all the workers employed through him will follow suit. (iii) <u>Web publishing:</u> • Web publishing involves using internet as a source of recruitment. • Both, prospective employees as well as organisations visit certain websites specifically designed and dedicated for the purpose of providing information about both job seekers and job opening.	2 + 2 + 2 =6 Marks
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