


Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior Secondary School Examination, 2026 (XIIth)
SUBJECT NAME: - BUSINESS STUDIES (Q.P. CODE – 66/3/3)

General Instructions : -

1	The CBSE has decided to introduce On Screen Marking (OSM) for the evaluation of Class XII answer Book with the 2026 Examination.
2	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.
3	“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.”
4	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.
5	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.
6	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.
7	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.
8	If a question has parts, please award marks on the right-hand side for each part in the OSM Portal. Marks awarded for different parts of the question will be totaled up by the OSM System.

9	If a question does not have any parts, marks must be awarded in the left-hand margin in the OSM Portal. This may also be followed strictly.
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 80 marks 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 :- <ul style="list-style-type: none"> • 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	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for Spot Evaluation” before starting the actual evaluation.
16	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.
17	If a candidate attempts both alternatives/options in a question where only one option/ alternative is required to be attempted, the Evaluator shall award marks in both the options. The system will take the higher of two scores and disregard the other response.
18	In a question having two options/alternatives, if a candidate has attempted only one, then the evaluator shall mark “NA” (Not attempted) against the option that has not been attempted by the candidate.

66/3/3	<p style="text-align: center;">MARKING SCHEME - 2026 BUSINESS STUDIES (054) 66/3/3 EXPECTED ANSWERS / VALUE POINTS</p>	MARKS
1.	<p>Q. From the picture given below, identify the responsibility that the consumer is fulfilling while purchasing ‘Ready-to-Eat Pasta’ :</p>  <p>(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. (B) Assert yourself to ensure that you get a fair deal. (C) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. (D) Ask for a cash memo on purchase of goods or services.</p> <p>Ans. (C) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.</p> <p><i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 1.</i></p> <p>Q. Which of the following consumer rights under Consumer Protection Act, 2019 gives the freedom to consumers to access a variety of products at competitive prices?</p> <p>(A) Right to be informed (B) Right to be assured (C) Right to consumer education (D) Right to be heard</p> <p>Ans. (B) Right to be assured</p>	1 Mark
2.	<p>Q. ‘Gamma Ltd.’, with its state-of-the-art manufacturing set-up in Karnesha, produces smartphones for the Indian market. Rapid technological improvements, changing consumer preferences and</p>	

	<p>the entry of new competitors in the market push the company to revise its plans frequently. This reflects which characteristic of business environment?</p> <p>(A) Inter-relatedness (B) Dynamic nature (C) Complexity (D) Relativity</p> <p>Ans. (B) Dynamic nature</p>	1 Mark
3.	<p>Q. 'Radhe Textiles', a children's garment manufacturing business, and Ghanshyam Garments, a home furnishing manufacturing business operate in the same industrial area. Both companies jointly set up a common dyeing and finishing plant. This was because the scale of operations of each of them was not sufficient to make full use of the plant. With both of them jointly using the plant, the requirement of fixed capital for each company will now be :</p> <p>(A) Higher than earlier (B) Lower than earlier (C) Same as earlier (D) Nil</p> <p>Ans. (B) Lower than earlier</p>	1 Mark
4.	<p>Q. 'RAVL' is a company manufacturing LED bulbs. To ensure efficiency in production, the workers are given monthly targets. For the month of October 2025, the workers were given a target to produce 8,000 bulbs. At the end of the month, it was found that actual production was only 6,000 bulbs. After investigation, it was found that the target was not met due to shortage of trained workers. To resolve the problem, the Production Manager arranged training programmes for workers and also hired additional workers. Which step of the controlling process was followed by the Production Manager to resolve the problem of shortage of trained workers?</p> <p>(A) Setting performance standards (B) Measurement of actual performance (C) Comparing actual performance with standards (D) Taking corrective action</p> <p>Ans. (D) Taking corrective action</p>	1 Mark
5.	<p>Q. Which of the following is <i>not</i> a limitation of internal sources of recruitment?</p> <p>(A) It reduces the scope of induction of fresh talent in the organization. (B) The employees may become lethargic if they are sure of time-bound promotions.</p>	

	<p>(C) It may lead to dissatisfaction and frustration among existing employees as they may feel that their chances of promotion are reduced.</p> <p>(D) The spirit of competition among the employees may be hampered.</p> <p>Ans. (C) It may lead to dissatisfaction and frustration among existing employees as they may feel that their chances of promotion are reduced.</p>	1 Mark										
6.	<p>Q. ‘A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the organisational objective.’</p> <p>The point of importance of management highlighted above is:</p> <p>(A) Management helps in achieving group goals</p> <p>(B) Management helps in increasing efficiency</p> <p>(C) Management helps in achieving personal objectives</p> <p>(D) Management helps in the development of society</p> <p>Ans. (C) Management helps in achieving personal objectives</p>	1 Mark										
7.	<p>Q. Match the step of the process of organising given in Column-I with its explanation given in Column-II:</p> <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>1. Departmentalisation</td><td>(i) Each individual is told who he has to take orders from and to whom he is accountable</td></tr><tr><td>2. Establishing authority and reporting relationships</td><td>(ii) The work is divided into manageable activities so that duplication can be avoided and burden of work can be shared among the employees</td></tr><tr><td>3. Identification and division of work</td><td>(iii) Work of different job positions is defined and work allocated to various employees in accordance with their skills and competencies</td></tr><tr><td>4. Assignment of duties</td><td>(iv) Activities of a similar nature are grouped together, which facilitates specialization.</td></tr></table> <p>Choose the correct option from the following:</p> <p>(A) 1-(i), 2-(ii), 3-(iii), 4-(iv)</p> <p>(B) 1-(iv), 2-(i), 3-(ii), 4-(iii)</p> <p>(C) 1-(iv), 2-(i), 3-(iii), 4-(ii)</p> <p>(D) 1-(ii), 2-(iii), 3-(i), 4-(iv)</p> <p>Ans. (B) 1-(iv), 2-(i), 3-(ii), 4-(iii)</p>	Column-I	Column-II	1. Departmentalisation	(i) Each individual is told who he has to take orders from and to whom he is accountable	2. Establishing authority and reporting relationships	(ii) The work is divided into manageable activities so that duplication can be avoided and burden of work can be shared among the employees	3. Identification and division of work	(iii) Work of different job positions is defined and work allocated to various employees in accordance with their skills and competencies	4. Assignment of duties	(iv) Activities of a similar nature are grouped together, which facilitates specialization.	1 Mark
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8.	<p>Q. Which of the following is <i>not</i> an advantage of divisional structure of an organisation?</p> <p>(A) It helps in development of varied skills in the divisional head which prepares him for higher positions.</p> <p>(B) It promotes flexibility and initiative, because each division functions as an autonomous unit, leading to faster decision making.</p> <p>(C) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations.</p> <p>(D) It leads to minimal duplication of effort which results in economies of scale and lowers cost.</p> <p>Ans. (D) It leads to minimal duplication of effort which results in economies of scale and lowers cost.</p>	1 Mark
9.	<p>Q. Which of the following statements are correct with respect to the benefits the organisation would get by imparting training to its employees?</p> <p>(i) Training equips the future manager who can take over in case of an emergency.</p> <p>(ii) Training makes an employee more efficient to handle machines and thus, they are less prone to accidents.</p> <p>(iii) Training increases the satisfaction and morale of the employees.</p> <p>(iv) Training enhances employee productivity, both in terms of quantity and quality, leading to higher profits.</p> <p>Options:</p> <p>(A) (i), (ii), (iii) and (iv)</p> <p>(B) (ii) and (iii)</p> <p>(C) (i) and (iv)</p> <p>(D) (i) and (ii)</p> <p>Ans. (C) (i) and (iv)</p>	1 Mark
10.	<p>Q. Read the following statements carefully:</p> <p><i>Statement I:</i> Business environment includes both specific and general forces.</p> <p><i>Statement II:</i> Specific forces have an impact on all business enterprises and thus may affect an individual firm only indirectly.</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement I is true and Statement II is false.</p> <p>(B) Statement I is false and Statement II is true.</p> <p>(C) Both Statement I and Statement II are true.</p> <p>(D) Both Statement I and Statement II are false.</p> <p>Ans. (A) Statement I is true and Statement II is false.</p>	1 Mark

11.	<p>Q. Read the following statements: Assertion (A) and Reason (R).</p> <p>Assertion (A): Holding shares in demat form is very convenient as it is just like a bank account.</p> <p>Reason (R): Securities and Exchange Board of India (SEBI) has made it mandatory for the settlement procedures to take place in demat form.</p> <p>Choose the correct alternative from the following:</p> <p>(A) Assertion (A) is false and Reason (R) is true. (B) Both Assertion (A) and Reason (R) are false. (C) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of Assertion (A). (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>Ans. (C) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p>	1 Mark
12.	<p>Q. On Raksha Bandhan, Reena received a gift from her brother. After removing the gift wrap paper, she saw a decorative cardboard box. Inside the box, she found a small glass bottle containing an expensive face cream. Both the decorative cardboard box and the glass bottle had a beautiful label displaying the brand name, ingredients, expiry date, etc. Which level of packaging does the glass bottle represent?</p> <p>(A) Primary packaging (B) Transportation packaging (C) Secondary packaging (D) General packaging</p> <p>Ans. (A) Primary packaging</p>	1 Mark
13.	<p>Q. _____ serves as an intermediary between the investor and the depository who is authorised to maintain the accounts of dematerialised shares.</p> <p>(A) Depository Participant (B) National Securities Depository Limited (C) Central Depository Services Limited (D) Stock Exchange</p> <p>Ans. (A) Depository Participant</p>	1 Mark

14.	<p>Q. The market for creation and exchange of financial assets is known as:</p> <p>(A) Financial market (B) Primary market (C) Secondary market (D) Money market</p> <p>Ans. (A) Financial Market</p>	1 Mark
15.	<p>Q. ‘Sumi’, a well-established domestic car manufacturer, anticipates entry of a premium foreign automobile brand in the country. The management of the company foresees a decline in the market share, especially in the premium segment. To retain its market share and stay competitive, the company launches aggressive advertising and takes measures to reduce the cost of production. It further invests in improving product quality, introducing new features and aligning their cars with international standards.</p> <p>The point of importance of business environment described above is:</p> <p>(A) It helps in coping with rapid changes. (B) It helps in tapping useful resources (C) It enables a firm to identify opportunities and getting the first mover advantage (D) It helps the firm to identify threats and early warning signals.</p> <p>Ans. (D) It helps the firm to identify threats and early warning signals.</p>	1 Mark
16.	<p>Q. ‘Bright Appliances Ltd.’ plans to launch a new product line of energy-efficient air purifiers. To ensure a smooth launch of the air purifiers, the company needs to arrange adequate funds. For this, the Finance Manager estimates the fund requirements and specifies the source of funds the company should use. The process followed by the Finance Manager is called:</p> <p>(A) Financial planning (B) Financial management (C) Financial leverage (D) Investment decision</p> <p>Ans. (A) Financial planning</p>	1 Mark
17.	<p>Q. Shikha, a first-time investor, was excited yet nervous about investing in the stock market as she felt it was risky. She sought guidance from her friend, Rama, who was an experienced investor. Rama assured Shikha that it is safe to invest in the stock market as the membership of stock exchange is regulated by Securities and Exchange Board of India (SEBI). She also told Shikha that SEBI performs various functions to protect the rights and interests of investors.</p>	

	<p>Which of the following functions mentioned by Rama is <i>not</i> a protective function of SEBI?</p> <p>(A) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc.</p> <p>(B) Conducting research and publishing information useful to all market participants.</p> <p>(C) Controlling insider trading and imposing penalties for such practices.</p> <p>(D) Promotion of fair practices and code of conduct in the securities market.</p> <p>Ans. (B) Conducting research and publishing information useful to all market participants.</p>	1 Mark
18.	<p>Q. Read the following statements carefully:</p> <p><i>Statement I:</i> Higher fixed operating costs result in higher business risk.</p> <p><i>Statement II:</i> If the firm's business risk is lower, the firm's capacity to use debt is higher.</p> <p>In light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement I is true and Statement II is false.</p> <p>(B) Statement I is false and Statement II is true.</p> <p>(C) Both Statement I and Statement II are true.</p> <p>(D) Both Statement I and Statement II are false.</p> <p>Ans. (C) Both Statement I and Statement II are true.</p>	1 Mark
19.	<p>Q. Read the following statements: Assertion (A) and Reason (R).</p> <p><i>Assertion (A):</i> Workload analysis and workforce analysis are important to understand the manpower requirements.</p> <p><i>Reason (R):</i> It helps the organization to know whether it is overstaffed, understaffed or optimally staffed.</p> <p>Choose the correct alternative from the following:</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of Assertion (A).</p> <p>(C) Assertion (A) is true, but Reason (R) is false.</p> <p>(D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p>	1 Mark

20.	<p>Q. The number of times earnings before interest and taxes of a company cover the interest obligation is referred to as:</p> <p>(A) Capital structure (B) Financial leverage (C) Interest Coverage Ratio (D) Debt-Service Coverage Ratio</p> <p>Ans. (C) Interest Coverage Ratio</p>	1 Mark																
21.	<p>Q (a). Distinguish between Capital Market and Money Market on the following basis:</p> <p>(i) Investment outlay (ii) Duration (iii) Safety</p> <p>Ans. Difference between Capital Market and Money Market</p> <table><tr><th>S.No.</th><th>Basis</th><th>Capital Market</th><th>Money Market</th></tr><tr><td>(i)</td><td>Investment outlay</td><td>Investment in the capital market does not necessarily require a huge financial outlay as the value of units of securities is generally low.</td><td>Investment in money market requires huge sum of money as the instruments are quite expensive.</td></tr><tr><td>(ii)</td><td>Duration</td><td>Capital market deals in medium and long-term securities such as equity shares and debentures.</td><td>Money market instruments have a maximum tenure of one year, and may even be issued for a single day</td></tr><tr><td>(iii)</td><td>Safety</td><td>The instruments are riskier both with respect to returns and principal repayment.</td><td>The instruments are generally much safer with a minimum risk of default.</td></tr></table> <p>Or</p> <p>Q (b). Give any three differences between Primary Market and Secondary Market.</p>	S.No.	Basis	Capital Market	Money Market	(i)	Investment outlay	Investment in the capital market does not necessarily require a huge financial outlay as the value of units of securities is generally low.	Investment in money market requires huge sum of money as the instruments are quite expensive.	(ii)	Duration	Capital market deals in medium and long-term securities such as equity shares and debentures.	Money market instruments have a maximum tenure of one year, and may even be issued for a single day	(iii)	Safety	The instruments are riskier both with respect to returns and principal repayment.	The instruments are generally much safer with a minimum risk of default.	<p>1 x 3 = 3 Marks</p>
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Ans. Difference between Primary Market and Secondary Market are: (Any THREE)

S.No.	Primary Market	Secondary Market
1.	In the primary market, there is sale of securities by new companies or new issues of securities by existing companies	In the secondary market, there is trading of existing shares only.
2.	In primary market, securities are sold by the company to the investor directly	In secondary market, ownership of existing securities is exchanged between investors. The company is not involved at all.
3.	The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.	Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation.
4.	Only buying of securities takes place in the primary market, securities cannot be sold there.	Both the buying and the selling of securities can take place in the secondary market.
5.	Prices are determined and decided by the management of the company.	Prices are determined by demand and supply for the security.
6.	It has no fixed geographical location.	It is located at specified places.

**1 x 3
= 3 Marks**

- 22. Q. Aditi purchased a high-speed blender from an online retailer for ₹ 2,000. When she used it to prepare soup, it made a loud noise. It also failed to blend properly and emitted an unusual smell. She first contacted the online retailer through their toll-free helpline. They told her that they were responsible only for selling the blender and were not responsible for defects. Aditi then collected all relevant proofs such as the invoice and records of her communication etc. Then she contacted the customer service team of the manufacturer. The technical team inspected the blender and confirmed that the motor was defective. Despite this, the manufacturer neither replaced the blender, nor refunded her money. They stopped responding to Aditi's calls. Aditi was frustrated and filed a complaint against the manufacturer in the appropriate consumer court. State any three reliefs available to Aditi if the consumer court is satisfied about the defect in the high-speed blender.**

	<p>Ans. <u>Reliefs available to Consumer (Any THREE)</u></p> <ol style="list-style-type: none"> 1. To remove the defect in goods or deficiency in service. 2. To replace the defective product with a new one, free from any defect. 3. To refund the price paid for the product, or the charges paid for the service. 4. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. 5. To pay punitive damages in appropriate circumstances. 6. To discontinue the unfair/ restrictive trade practice and not to repeat it in the future. 7. Not to offer hazardous goods for sale. 8. To withdraw the hazardous goods from sale. 9. To cease manufacture of hazardous goods and to desist from offering hazardous services. 10. Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc. 11. To pay any amount (not less than 5% of the value of the defective goods or deficient services provided), to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner. 12. To pay adequate costs to the appropriate party. 	<p>1 x 3 = 3 Marks</p>
23.	<p>Q (a). Explain the following functions of marketing:</p> <p>(i) Transportation</p> <p>(ii) Storage or Warehousing</p> <p>Ans.</p> <p>(i) Transportation: Transportation involves physical movement of goods from one place to the other that is from the place where they produced to the place where they are consumed. A marketing firm has to analyse its transportation needs after taking into consideration various factors such as nature of the product, cost and location of target market and take decisions in respect of mode of transportation to be chosen.</p> <p>(ii) Storage or Warehousing: Usually there is a time gap between the production or procurement of goods and their sale or use. It may be because of irregular demand or irregular supply. There is a need for proper storage of the products to maintain smooth flow of products and to protect against unavoidable delays.</p> <p style="text-align: center;">Or</p>	<p>1½ x 2</p> <p>= 3 marks</p>

	<p>Q (b) Explain the following factors affecting price determination of a product:</p> <p style="padding-left: 40px;">(i) Utility and demand (ii) Government and legal regulations</p> <p>Ans.</p> <p>(i) The Utility and demand:</p> <p>The utility provided by the product and the intensity of demand of the buyer set the upper limit of the price. 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, the seller would, however, try to at least cover the costs. Consumer usually purchase more units at a low price than at a high price.</p> <p>(ii) Government and legal regulations:</p> <p>In order to protect the interest of public against unfair practices in the field of price fixing, Government can intervene and regulate the price of commodities. Government can declare a product as essential product and regulate its price.</p>	<p>1½ x 2</p> <p>= 3 marks</p>
24.	<p>Q. ‘KUL’, an eco-friendly stationery brand is expanding its business in three different markets. For this, it uses different promotional strategies in each market.</p> <p>In the corporate gifting market, the company appoints salespersons to contact prospective corporate clients and create awareness about its eco-friendly stationery with the aim of making a sale. In the international market, the company focuses on managing public opinion and building a positive image for its product. It disseminates information and builds goodwill about the business. In the domestic retail market, the company offers cash discounts, free gifts, etc. to encourage the buyers to make immediate purchase of its product. Identify and state three different promotion tools used by ‘KUL’ to expand its business in each of the markets.</p> <p>Ans: Three promotion tools used by ‘KUL’:</p> <p>1. Personal Selling for corporate gifting market Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales.</p>	<p>(½ mark for identifying the promotional tool + ½ mark for explanation)</p>

	<p>2. Public Relations for international market Public relations involve a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public.</p> <p>3. Sales Promotion for domestic retail market Sales Promotion refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product service.</p>	<p>1 x 3 = 3 marks</p>
25.	<p>Q. 'Staple Foods Ltd.', a packaged food company is planning to expand its operations. To meet growing manpower needs, it adopts different external sources of recruitment for different levels of employees by balancing cost, time and quality in talent acquisition across organisational levels.</p> <p>For positions requiring high trust and confidentiality, the company prefers applicants introduced by existing senior employees. For specialised technical and professional roles like Marketing Head, Operations Manager, etc., it contacts private agencies and professional bodies. These agencies are able to access a wider talent pool as they compile bio-data of a large number of candidates and recommend suitable names to their clients. For casual vacancies of unskilled or semi-skilled jobs, they post job vacancies on the company's notice board to attract local candidates. Job seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. 'Staple Foods Ltd.' also maintains a record of unsolicited job applications and contacts suitable candidates from this pool whenever vacancies arise. State the external sources of recruitment used by 'Staple Foods Ltd.' for recruitment of people at various organisational levels.</p> <p>Ans. External sources of recruitment:</p> <p>1. Recommendations of employees by present employees, or their friends and relatives may prove to be a good source of recruitment because their background is sufficiently known.</p> <p>2. Placement agencies and management consultancy provide a nationwide service in matching personnel demand and supply as they compile bio-data of a large number of candidates and recommend suitable names to their clients in technical and professional areas</p> <p>3. Direct recruitment involves placing a notice on the notice-board of the enterprise specifying the details of the jobs available and selection is done on the spot from amongst the job seekers who assemble outside the premises of the organisation on the specified date.</p>	<p>1 x 4 = 4 marks</p>

	<p>4. Casual callers refers to keeping a database of unsolicited applicants and filling vacancies as they arise by screening the list of such job-seekers</p> <p><i>(If the examinee has only listed the points, ½ mark for each point should be awarded.)</i></p>	
26.	<p>Q. ‘Suruchi Textiles Ltd.’ is a reputed textile manufacturing company with stable earnings. It has been paying regular dividends for the last seven years, which has helped it to build a loyal investor base. It has a large number of its shareholders who depend on regular income from their investment and therefore expect at least a minimum dividend every year. To meet these expectations and maintain shareholders confidence, the company has followed a high dividend policy.</p> <p>During the current year, the company planned further expansion, which required additional funds. However, since a major portion of its earnings had been distributed as dividends in earlier years, the company had retained limited funds. But, since ‘Suruchi Textiles Ltd.’ had a strong reputation in the capital market, it was able to raise the required capital from the capital market to finance its expansion plans.</p> <p>Identify and explain four factors affecting the dividend decision discussed in the above case.</p> <p>Ans. Factors affecting Dividend Decision: (<u>Any FOUR</u>)</p> <p>1. Stability of Earnings A company having stable earnings is in a better position to declare higher dividends against a company having unstable earnings</p> <p>2. Stability of Dividends: Companies generally follow a policy of stabilising dividend per share and the increase in dividends is generally made when there is confidence that their earning potential has gone up.</p> <p>3. Shareholders’ Preference If the shareholders depend upon a regular income from their investments and desire that at least a certain amount is paid as dividend, the companies are likely to declare the same.</p> <p>4. Growth Opportunities Companies having good growth opportunities retain more money out of their earnings to finance the required investment and thus declare smaller dividends.</p>	<p>(½ mark for identifying the factor + ½ mark for explanation)</p> <p>1 x 4 = 4 marks</p>

	<p>5. Access to Capital market Large and reputed companies generally have easy access to the capital market and, therefore, may depend less on retained earnings to finance their growth and tend to pay higher dividends than the smaller companies.</p>	
27.	<p>Q (a). Explain any four organisational barriers to communication.</p> <p>Ans. Organisational barriers to communication (<u>Any FOUR</u>):</p> <p>1. Organisational policy: If the organisational policy, explicit or implicit, is not supportive to free flow of communication, it may hamper effectiveness of communications.</p> <p>2. Rules and regulations: Rigid rules and cumbersome procedures may be a hurdle to communication. Also, communications through prescribed channel may result in delays.</p> <p>3. Status: Status of superior may create psychological distance between him and his subordinates. A status conscious manager also may not allow his subordinates to express their feelings freely.</p> <p>4. Complexity in organisation structure: In an organisation where there are number of managerial levels, communication gets delayed and distorted as number of filtering points are more.</p> <p>5. Organisational facilities: For smooth, clear and timely communications if facilities such as frequent meetings, suggestion box, complaint box etc. are not provided, free flow of communications may be hampered.</p> <p style="text-align: center;">Or</p> <p>Q (b). State any four characteristics of directing function of management.</p> <p>Ans. Characteristics of Directing:</p> <p>1. Directing initiates action in the organisation, while the other functions (that is planning, organising and staffing) performed by the manager prepare a setting for action.</p>	<p>($\frac{1}{2}$ mark for naming + $\frac{1}{2}$ mark for explanation)</p> <p>1 x 4 = 4 marks</p>

	<p>2. Directing takes place at every level of management that is from top executive to the supervisor wherever superior – subordinate relations exist.</p> <p>3. Directing is a continuous process that takes place throughout the life of the organisation irrespective of people occupying managerial positions.</p> <p>4. Directing flows from top to bottom through the organisational hierarchy such that every manager can direct his immediate subordinate and take instructions from his immediate boss.</p> <p><i>(If the examinee has only listed the points, ½ mark for each point should be awarded.)</i></p>	<p>1 x 4</p> <p>= 4 marks</p>
28.	<p>Q. ‘GW Textiles’ was facing rising competition, inefficiencies on the shop floor and declining revenues. To address these problems, Leena was appointed as the new Factory Manager. In the first few weeks, Leena walked around the factory and watched how work was actually being done. She noticed that some workers were sincere and focused, while others showed little interest and avoided responsibility.</p> <p>To overcome this problem Leena began spending time on the shop floor every week, interacting closely with the workers and was able to make them act in the desired manner to achieve organisational goals. Her approach helped create a positive work environment where employees felt encouraged to perform better, leading to improved efficiency on the shop floor and improved revenues.</p> <p>(i) Identify the element of directing highlighted in the above case.</p> <p>(ii) State any three features of the element identified in (i) above.</p> <p>Ans.</p> <p>(i) The element of directing highlighted is Motivation</p> <p>(ii) Features of Motivation (<u>Any THREE</u>):</p> <p>1. Motivation is an internal feeling, as urges, drives, desires, aspirations, striving, or needs of human beings, which are internal, influence their behaviour.</p> <p>2. Motivation produces goal directed behaviour resulting in improved performance.</p> <p>3. Motivation can be either positive in the form of increase in pay, promotion, recognition etc. or negative in the form of punishment, stopping increments, threatening etc.</p>	<p>1 Mark</p> <p>+</p> <p>1 x 3 = 3</p> <p>= 4 Marks</p>

30.	<p>Q. Rahul, Priya, Amit and Sneha were friends. They decided to start a business jointly. With rising focus on hydration, fitness and a healthy lifestyle, they saw a steady market for water bottles. Customers often own multiple bottles for different uses. Bottles wear out or go out of style over time, creating repeat sales opportunities. Excited by this idea, they all sat together to brainstorm and decide what kind of water bottle they should make.</p> <p>Rahul believed that to maximise profits, production should be done on a large-scale making goods available and affordable to consumers.</p> <p>Amit, on the other hand, was of the opinion that the bottles should be of a very good quality with features like time markers, filters or infusers, etc.</p> <p>Priya agreed with Amit, but felt that they should first identify the needs of the present and prospective buyers, so that they can satisfy them in an effective way. She suggested offering personalised designs, sports bottles, insulated bottles, etc., depending on the customers' needs.</p> <p>Sneha believed that the business orientation should not be short-sighted to serve only the consumers' needs. It should also consider larger issues of long-term social welfare. So, she suggested reusable water bottles made from eco-friendly sustainable materials.</p> <p>Identify and state the marketing management philosophies discussed by Rahul, Priya, Amit and Sneha.</p> <p>Ans. Marketing management philosophies:</p> <p>1. Rahul – Production Concept Production Concept believed that profits could be maximised by producing at large scale, thereby reducing the average cost of production.</p> <p>2. Amit – Product Concept Product Concept focuses on bringing continuous improvement in the quality, incorporating new features, etc. as the key to profit maximisation of a firm.</p> <p>3. Priya – Marketing Concept The Marketing Concept implies that an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way.</p> <p>4. Sneha – Societal Marketing Concept The Societal Marketing Concept focuses on identification of needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long-term well-being of the consumers and the society is taken care of.</p>	<p>(½ mark for identifying the philosophy + ½ mark for explanation)</p> <p>1 x 4 = 4 marks</p>
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31.	<p>Q. ‘Global Tech Ltd.’ was a multinational company that manufactured modern electronics devices and employed nearly 10,000 people from across the world. The company had a well-defined organisational structure with separate departments for finance, marketing and production. Every department had its own objectives, policies and style of working. As each department performed its activities in isolation from others, conflicts arose within the organisation.</p> <p>Further, due to complex technology involved in producing modern electronic devices, ‘Global Tech Ltd.’ relied heavily on specialists. The specialists were confident of their professional knowledge and often did not consider suggestions from others in matters pertaining to their area of specialisation. This resulted in conflict among different specialists and others in the organisation. As the company continued to grow, more employees from different backgrounds and work habits joined the organisation. The increasing size of workforce, along with departmental differences and dependence on specialists, made it difficult to ensure that everyone worked towards the same organisational goals. Therefore, it became necessary for the management to harmonise individual goals with organisational goals and integrate the efforts of departments and specialists to achieve common objectives.</p> <p>(i) Identify and state the concept which would help ‘Global Tech Ltd.’ in bringing together the efforts of employees and specialists to achieve common goals of the organisation.</p> <p>(ii) Quoting lines from the given case, state any three points of importance of the concept identified in (i) above.</p> <p>Ans.</p> <p>(i) The concept identified in the above case is Coordination.</p> <p>Coordination is the process by which a manager synchronises the activities of different departments.</p> <p>(ii) Importance of Coordination</p> <p>1. <i>“Every department had its own objectives, policies and style of working.”</i></p> <p style="text-align: center;"><i>Or</i></p> <p><i>“As each department performed its activities in isolation from others, conflicts arose within the organisation.”</i></p> <p>Functional differentiation in an organisation leads to creation of departments, divisions and sections like finance, production etc. and coordination helps in linking the activities of various departments.</p>	<p>(½ mark for identifying the concept + 1 mark for explanation) = 1½</p> <p>+</p> <p>(½ mark for quoting the lines + 1 mark for meaning)</p> <p>1½ x 3</p>
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	<p>Ans. (i) Types of organisation:</p> <p>1. Formal Organisation</p> <p>Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task by clearly defining the boundaries of authority and responsibility.</p> <p>2. Informal Organisation</p> <p>Informal Organisation means a network of social relationships among employees arising due to interaction among people at work.</p> <p>(ii) Advantages of Formal Organisation</p> <p>1. Unity of command is maintained through an established chain of command. 2. It provides stability to the organisation. This is because behaviour of employees can be fairly predicted since there are specific rules to guide them</p> <p>Advantages of Informal Organisation</p> <p>1. Prescribed lines of communication are not followed. Thus, the informal organisation leads to faster spread of information as well as quick feedback. 2. It contributes towards fulfilment of organisational objectives by compensating for inadequacies in the formal organisation.</p>	<p>(½ mark for identification of type of organisation + ½ mark for meaning)</p> <p>1 x 2 = 2 marks</p> <p>+</p> <p>(1 mark for each advantage)</p> <p>1 x 4 = 4 marks</p> <p>= 6 marks</p>
33.	<p>Q (a). Explain the following principles of management: (i) Authority and Responsibility (ii) Initiative (iii) Subordination of individual interest to common good</p> <p>Ans. Principles of Management:</p> <p>(i) Authority and Responsibility:</p> <ul style="list-style-type: none"> ▪ Managers require authority commensurate with their responsibility and there should be a balance between authority and responsibility. According to Fayol, “Authority is the right to give orders and obtain obedience, and responsibility is the corollary of authority. 	

	<ul style="list-style-type: none"> ▪ An organisation should build safeguards against abuse of managerial power and a manager should have necessary authority to carry out his responsibility. <p>(ii) Initiative:</p> <ul style="list-style-type: none"> ▪ Initiative means taking the first step with self-motivation wherein workers should be encouraged to develop and carry out their plans for improvement but it does not mean going against the established practices of the company for the sake of being different. ▪ A good company should have an employee suggestion system whereby initiative/suggestions which result in substantial cost/time reduction should be rewarded. <p>(iii) Subordination of individual interest to common good/ Subordination of individual interest to general interest:</p> <ul style="list-style-type: none"> ▪ The interests of an organisation should take priority over the interests of any one individual employee as larger interests of the workers and stakeholders are more important than the interest of any one person. ▪ A manager can ensure this by her/his exemplary behaviour, which will raise her/his stature in the eyes of the workers and ensure same behaviour by them. <p style="text-align: center;">Or</p> <p>Q (b). Explain the following characteristics of the principles of management:</p> <p style="padding-left: 40px;">(i) Primarily practical (ii) Cause and effect relationship (iii) Uncertain/Accidental</p> <p>Ans. Characteristics of Principles of Management:</p> <p>NOTE:</p> <ul style="list-style-type: none"> ▪ <i>An examinee may explain any of the following characteristics for (i) Primarily practical and (iii) Uncertain/Accidental and full credit should be awarded for part (i) and part (iii) separately.</i> ▪ <i>It is to be assured that an examinee has explained different characteristics in part (i) and part (iii)</i> 	<p style="text-align: center;">2 x 3</p> <p style="text-align: center;">= 6 marks</p>
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<p>1. Universal applicability:</p> <ul style="list-style-type: none"> ▪ The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. ▪ However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like. <p>2. General guidelines:</p> <ul style="list-style-type: none"> ▪ The principles are guidelines to action but do not provide readymade, straitjacket solutions to all managerial problem because real business situations are very complex and dynamic and are a result of many factors. ▪ However, the importance of principles cannot be underestimated because even a small guideline helps to solve a given problem. <p>3. Formed by practice and experimentation:</p> <ul style="list-style-type: none"> ▪ The principles of management are formed by practice as well as experience ▪ They are also formed by collective wisdom of managers as well as experimentation. <p>4. Flexible:</p> <ul style="list-style-type: none"> ▪ The principles of management are flexible and not rigid prescriptions, that can be modified by the manager when the situation so demands. ▪ Individual principles are like different tools serving different purposes, the manager has to decide which tool to use under what circumstances. <p>5. Mainly behavioural:</p> <ul style="list-style-type: none"> ▪ Management principles aim at influencing behaviour of human beings and therefore mainly behavioural in nature. ▪ These principles enable a better understanding of the relationship between human and material resources in achieving organisational goals. <p>6. Contingent:</p> <ul style="list-style-type: none"> ▪ The application of principles of management is dependent upon the prevailing situation at a particular point of time. 	<p>2 x 3</p> <p>= 6 marks</p>
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	<ul style="list-style-type: none"> ▪ The application of principles has to be changed as per requirements. <p>(ii) Cause and effect relationships:</p> <ul style="list-style-type: none"> ▪ 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. ▪ In real life, situations are not identical and therefore accurate cause and effect relationships may be difficult to establish; however, principles of management assist managers in establishing these relationships to some extent and are therefore useful. 	
34.	<p>Q (a). Explain the following features of planning:</p> <p>(i) Planning is a primary function of management</p> <p>(ii) Planning is continuous</p> <p>(iii) Planning is a mental exercise</p> <p>Ans. Features of Planning:</p> <p>(i) Planning is a primary function of management:</p> <ul style="list-style-type: none"> ▪ Planning lays down the base for other functions of management and all other managerial functions are performed within the framework of the plans drawn; thus, being referred to as the primacy of planning. ▪ Planning precedes other functions even though the various functions of management are interrelated and equally important. <p>(ii) Planning is continuous:</p> <ul style="list-style-type: none"> ▪ Plans are prepared for a specific period of time, and at the end of that period there is need for a new plan to be drawn on the basis of new requirements and future conditions. ▪ Hence, planning is a continuous process which means that a plan is framed, it is implemented, and is followed by another plan, and so on. <p>(iii) Planning is a mental exercise:</p> <ul style="list-style-type: none"> ▪ Planning requires application of the mind involving foresight, intelligent imagination and sound judgement making it an intellectual activity of thinking rather than doing. ▪ Planning requires logical and systematic thinking rather than guess work, that is, it must be orderly and based on the analysis of facts and forecasts. 	<p>2 x 3</p> <p>= 6 marks</p>

	<p style="text-align: center;">Or</p> <p>Q (b). Explain the following steps in the process of planning:</p> <p style="padding-left: 40px;">(i) Setting objectives (ii) Developing premises (iii) Identifying alternative courses of action</p> <p>Ans. Steps in Planning Process:</p> <p>(i) Setting objectives:</p> <ul style="list-style-type: none"> ▪ Objectives specify what the organisation wants to achieve. ▪ Objectives may be set for the entire organization, each department and employees at all levels. If the end result is clear, it becomes easier to work towards the goal. <p>(ii) Developing premises:</p> <ul style="list-style-type: none"> ▪ A manager is required to make certain assumptions about the future which are called premises. ▪ Assumptions are the base material upon which plans are to be drawn, which may be in the form of forecasts, existing plans or any past information about policies. <p>(iii) Identifying alternative courses of action:</p> <ul style="list-style-type: none"> ▪ There may be many ways to achieve objectives. All the alternative courses of action should be identified. ▪ The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. 	<p style="text-align: center;">2 x 3</p> <p style="text-align: center;">= 6 marks</p>
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