

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior Secondary School Examination, 2026 (XIIth)
BUSINESS STUDIES -66/4/3


	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
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	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past :-</p> <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.) <p>Half or a part of answer marked correct and the rest as wrong, but no marks awarded.</p>
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.

MARKING SCHEME Business Studies (Subject Code-054) (PAPER CODE : 66/4/3)		
Q. No.	EXPECTED OUTCOMES/VALUE POINTS	Marks
1.	<p>Q. ‘Cosy Garments’ started the manufacturing of jackets in September, 2025. They expected a rise in the demand for jackets during the winter season. To handle the increased workload, the Production Manager estimated the number of workers required during peak production days and planned accordingly.</p> <p>The type of plan highlighted in the above case is :</p> <p>(A) Budget (B) Policy (C) Method (D) Objective</p> <p>Ans. (A) Budget</p>	1 Mark
2.	<p>Q. ‘Agri Solutions’, a fast-growing agri-tech company, was facing a problem of employees leaving the organisation frequently. As a result, work suffered and time and money were spent repeatedly on recruitment and training. On investigation, it was found that the problem was due to employees not getting sufficient time to settle into their new roles. So the company decided to keep their employees at the same position for a minimum tenure and give them sufficient time to show results. This led to a significant reduction in employee turnover and improvement in organisational efficiency.</p> <p>The principle of management highlighted in the above case is :</p> <p>(A) Order (B) Stability of Personnel (C) Division of Work (D) Authority and Responsibility</p> <p>Ans. (B) Stability of Personnel</p>	1 Mark
3.	<p>Q. Rohit is a manager at a furniture manufacturing company. The company holds an annual sale in the month of December, which is very popular. Rohit prepares the production plans for the annual sale well in advance, in the month of June every year. After planning, he ensures that enough workers are available and continuously monitors whether the work is progressing as scheduled or not. He also informs the marketing team well in time so that they can plan their promotional campaigns accordingly.</p> <p>The feature of coordination highlighted in the above case is :</p> <p>(A) Coordination is an all-pervasive function. (B) Coordination is a continuous process. (C) Coordination is a deliberate function (D). Coordination is the responsibility of all managers.</p> <p>Ans. . (B) Coordination is a continuous process.</p>	1 Mark

4.	<p>Q. ‘The first step in the controlling process is setting up of performance standards.’ Identify the correct order of the subsequent steps of the controlling process.</p> <p>(A) Comparing actual performance with standards, Taking corrective action, Analysing deviations, Measurement of actual performance (B) Measurement of actual performance, Comparing actual performance with standards, Analysing deviations, Taking corrective action (C) Measurement of actual performance, Taking corrective action, Comparing actual performance with standards, Analysing deviations (D) Analysing deviations, Measurement of actual performance, Comparing actual performance with standards, Taking corrective action</p> <p>Ans. (B) Measurement of actual performance, Comparing actual performance with standards, Analysing deviations, Taking corrective action</p>	1 Mark
5.	<p>Q. Identify the <i>incorrect</i> statement with respect to the feature of Directing function of management :</p> <p>(A) Directing is a continuous process (B) Directing flows from top to bottom (C) Directing takes place at top level of management only (D) Directing initiates action</p> <p>Ans. (C) Directing takes place at top level of management only</p>	1 Mark
6.	<p>Q. Choose the statement that correctly highlights the advantage of Divisional Structure :</p> <p>(A) It facilitates expansion and growth, as new divisions can be added without interrupting the existing operations. (B) It helps in increasing managerial and operational efficiency, resulting in increased profit. (C) It makes training of employees easier, as the focus is on a limited range of skills. (D) It promotes control and coordination within a department because of similarity in the tasks being performed.</p> <p>Ans. (A) It facilitates expansion and growth, as new divisions can be added without interrupting the existing operations.</p>	1 Mark
7.	<p>Q. ‘Planning requires application of mind involving foresight, intelligence imagination and sound judgement.’ The feature of planning reflected by the above statement is :</p> <p>(A) Planning is futuristic (B) Planning involves decision-making (C) Planning is a mental exercise (D) Planning is continuous</p> <p>Ans. (C) Planning is a mental exercise</p>	1 Mark

8.	<p>Q. Read the following statements : Assertion (A) and Reason (R).</p> <p>Assertion (A) : Motivation can be either positive or negative.</p> <p>Reason (R) : Individuals are heterogeneous in their expectations, perceptions and reactions.</p> <p>Choose the correct alternative from the options given below :</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of Assertion (A). (C) Both Assertion (A) and Reason (R) are false. (D) Assertion (A) is true, but Reason (R) is false.</p> <p>Ans. (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of Assertion (A).</p>	1 Mark
9.	<p>Q. Sharad was the Operations Manager at ‘Nova Ltd.’ He assigned the task of completing an urgent order to Anita, the Production Supervisor. She was given the authority to plan the work and meet the deadline. Anita further assigned the work to Rohit, a machine operator and asked him to finish it by the end of the day. Rohit did not complete the task on time, due to which the company failed to deliver the order. Who is accountable to Sharad for non-completion of the work ?</p> <p>(A) Rohit (B) Anita (C) Both Rohit and Anita (D) Sharad himself</p> <p>Ans. (B) Anita</p>	1 Mark
10.	<p>Q. Kabir purchased a luxury car for ₹ 2 crores from a well-known car dealer named ‘Global Motors’. Within a few days, he found serious defects in the car. When he contacted ‘Global Motors’, they refused to repair or replace the car. Kabir then filed a case in the appropriate consumer court. However, he was not satisfied with the orders of this court. Where can Kabir file an appeal now ?</p> <p>(A) District Commission (B) State Commission (C) National Commission (D) Supreme Court</p> <p>Ans. (C) National Commission</p>	1 Mark
11.	<p>Q. _____ refers to the entrustment of responsibility and authority to another and the creation of accountability for performance.</p> <p>(A) Delegation (B) Decentralisation (C) Organising (D) Formal Organisation</p> <p>Ans. (A) Delegation</p>	1 Mark
12.	<p>Q. ‘The business environment differs from country to country and even region to region.’</p>	

	<p>The feature of business environment reflected in the above statement is :</p> <p>(A) Relativity (B) Complexity (C) Uncertainty (D) Dynamic nature</p> <p>Ans. (A) Relativity</p>	1 Mark
13.	<p>Q. The pouch depicted below contains packets of different flavours of chips. Identify the level of packaging of the pouch :</p> <div></div> <p>(A) Primary (B) Secondary (C) Transportation (D) General</p> <p>Ans. (B) Secondary</p> <p>Note : The following question is for the <i>Visually Impaired Candidates</i> only in lieu of Q. No. 13.</p> <p>‘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.’ The promotion tool being referred to in the above statement is :</p> <p>(A) Advertising (B) Personal Selling (C) Sales Promotion (D) Public Relations</p> <p>Ans. (D) Public Relations</p>	1 Mark <

	<p>Choose the correct option from the following :</p> <p>(A) 1-(iii), 2-(iv), 3-(ii), 4-(i) (B) 1-(iii), 2-(i), 3-(ii), 4-(iv)</p> <p>(C) 1-(iv), 2-(iii), 3-(ii), 4-(i) (D) 1-(i), 2-(ii), 3-(iii), 4-(iv)</p> <p>Ans. (A) 1-(iii), 2-(iv), 3-(ii), 4-(i)</p>	1 Mark
15.	<p>Q. Read the following statements carefully :</p> <p><i>Statement I : Planning and controlling are both forward-looking as well as backward-looking.</i></p> <p><i>Statement II : Planning is evaluative, whereas controlling is prescriptive.</i></p> <p>In the light of the given statements, choose the correct alternative from the following :</p> <p>(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.</p> <p>Ans. (A) Statement I is true and Statement II is false.</p>	1 Mark
16.	<p>Q. Dinkar, the General Manager at ‘Tara Lamps’ noticed that rising costs were affecting the company’s profits. To increase the profits, he decided to reduce the costs and increase the productivity. He planned for rearrangement of work processes, assigned the tasks according to workers’ skills, gave clearer directions to employees than before and regularly controlled the activities of the organisation. This not only resulted in cost reduction but also in increased productivity and profits.</p> <p>The point of importance of management highlighted in the above case is:</p> <p>(A) Management creates a dynamic organisation (B) Management helps in achieving personal objectives (C) Management helps in the development of a society (D) Management increases efficiency</p> <p>Ans. (D) Management increases efficiency</p>	1 Mark
17.	<p>Q. Read the following statements carefully :</p> <p><i>Statement I : The production concept assumes that the customers will not buy, or not buy enough, unless they are adequately convinced and motivated to do so.</i></p> <p><i>Statement II : The selling concept assumes that the consumers will favour those products which are widely available at an affordable price.</i></p> <p>In the light of the given statements, choose the correct alternative from the following :</p> <p>(A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true.</p>	

	<p>(C) Both Statement I and Statement II are false. (D) Both Statement I and Statement II are true.</p> <p>Ans. (C) Both Statement I and Statement II are false.</p>	1 Mark
18.	<p>Q. 'The larger the lead time, the larger the quantity of material to be stored, and the larger shall be the amount of working capital required.'</p> <p>The factor affecting the requirement of working capital discussed in the above statement is :</p> <p>(A) Operating efficiency (B) Inflation (C) Availability of raw material (D) Production cycle</p> <p>Ans. (C) Availability of raw material</p>	1 Mark
19.	<p>Q. Read the following statements : Assertion (A) and Reason (R).</p> <p>Assertion (A) : The cost of debt is higher than the cost of equity for a firm.</p> <p>Reason (R) : The lender's risk is lower than the equity shareholder's risk, since the lender earns an assured return and repayment of capital.</p> <p>Choose the correct alternative from the options given below :</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (D) Assertion (A) is false, but Reason (R) is true.</p>	1 Mark
20.	<p>Q. Identify the <i>incorrect</i> statement with respect to the importance of business environment :</p> <p>(A) It helps in coping with rapid changes (B) It helps in tapping useful resources (C) It helps in assisting in planning and policy formulation (D) It helps in increasing political instability and thus build the confidence of people to invest in long term projects</p> <p>Ans. (D) It helps in increasing political instability and thus build the confidence of people to invest in long term projects</p>	1 Mark
21.	<p>Q. 'Tiva Motors' planned to set up a new manufacturing unit for the electric scooters in Varanchal. One important consideration for setting up of the unit in Varanchal was that the government in Varanchal had been stable for several years. This had built confidence among business people to invest in long-term projects there. They understood that an adequate knowledge of the rules and regulations framed by the government is a prerequisite for a good business performance. So, before starting the operations, the company decided to obtain licences</p>	

	<p>under environmental laws and necessary permissions from the government departments.</p> <p>Identify and explain the two dimensions of business environment that are highlighted in the above case.</p> <p>Ans. The two dimensions of business environment that are highlighted in the above case are:</p> <p>(i) Political Environment :</p> <p>Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.</p> <p>(ii) Legal Environment:</p> <p>Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government.</p>	<p>½ mark for identifying the dimension + 1 mark for explanation</p> <p>1 ½ x 2 =3 Marks</p>
22.	<p>Q. ‘Delicious Salads’ was a company that supplied packaged salads to the supermarkets. Recently, the management noticed that a large amount of vegetables were getting spoiled every week. This was increasing the costs and reducing the profits because of which the company was not able to achieve its goals. To solve this, the Production Manager, Meera was asked to take charge of the situation and bring the wastage under control. Meera found that the vegetable cleaning, cutting and packing departments were working at their own pace, leading to the spoilage of vegetables. Meera started out by setting standards for each of the departments, which were well coordinated with one another. Each activity would be performed in accordance with those standards. Within a month, ‘Delicious Salads’ was able to supply the salads with minimum wastage and achieve its goals.</p> <p>Explain the two points of importance of the controlling function of management discussed in the above case.</p> <p>Ans. <u>Importance of the controlling function of management discussed in the above case are:(Any TWO)</u></p> <p>(i) Accomplishing organisational goals:</p> <ul style="list-style-type: none"> • The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. • It guides the organisation and keeps it on the right track so that organisational goals might be achieved. <p>(ii) Making efficient use of resources:</p>	<p>½ mark for the heading +</p>

(b). State any three points of difference between Divisional structure and Functional structure of an organisation.

Ans. Difference between Divisional structure and Functional structure of an organisation (Any THREE):

Basis	Divisional Structure	Functional Structure
Formation	Formation of divisional structure is based on product lines and is supported by functions.	Formation of functional structure is based on functions.
Specialisation	There is product specialisation.	There is functional specialisation.
Responsibility	It is easy to fix responsibility for performance.	It is difficult to fix responsibility on a department.
Managerial Development	Managerial development is easier, because autonomy as well as the chance to perform multiple functions helps in managerial development.	Managerial development is difficult, as each functional manager has to report to the top management.
Cost	There is duplication of resources in various departments, hence it is costly.	Functions are not duplicated hence it is economical.
Coordination	Coordination is easy, because all functions related to a particular product are integrated in one department.	Coordination is difficult for a multi- product company.

**1x 3
=
3 Marks**

24. Q.(a) State any three points of difference between Primary Market and Secondary Market.

Ans. Difference between Primary Market and Secondary Market (Any THREE)

S.No	Primary Market	Secondary Market
(i)	In primary market, there is sale of securities by new companies on further new issue of securities by existing companies to investors.	In secondary market, there is trading of existing shares only.

	(ii)	In this market, securities are sold by the company to the investor directly (or through an intermediary).	In this market, ownership of existing securities is exchanged between investors. The company is not involved at all.	1x3 =3 Marks
	(iii)	The flow of funds is from savers to investors i.e., the primary market directly promotes capital formation.	This market enhances encashability (liquidity) of shares i.e, the secondary market indirectly promotes capital formation.	
	(iv)	In primary market, only buying of securities takes place, securities cannot be sold there.	In secondary market, both buying and selling of securities can take place.	
	(v)	In this market, prices are determined by the management of the company.	In this market, prices are determined by demand and supply for the security.	
	(vi)	There is no fixed geographical location.	It is located at specified places.	
	OR			
	(b) State how the following factors affect the requirements of working capital of a company : (i) Seasonal factors (ii) Production cycle (iii) Inflation			OR
	Ans. <u>Factors affecting requirements of working capital of a company:</u> (i) Seasonal factors: <ul style="list-style-type: none">Business is affected by seasonal factors as there is higher level of activity in peak season, hence larger amount of working capital is required and lesser amount of working capital during the lean season. (ii) Production cycle: <ul style="list-style-type: none">The duration as well as the length of production cycle affect the amount of funds required for raw materials and expenses, and consequently, the working capital requirement may be higher or lower. (iii) Inflation: <ul style="list-style-type: none">During inflation, with rising prices, larger amounts of working capital are required even to maintain a constant volume of production and sales.			1 x 3 =3 Marks
25.	Q.(a) Explain the following features of the principles of management : (i) Universal applicability			

	<p>(ii) General guidelines</p> <p>Ans. <u>Features of the principles of management:</u></p> <p>(i) 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, 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, etc. <p>(ii) General guidelines:</p> <ul style="list-style-type: none"> • Principles of management are guidelines of action and may help to solve a given problem. • However, they do not provide readymade, straitjacket solutions to all managerial problems because real business situations are very complex and dynamic and are a result of many factors. <p style="text-align: center;">OR</p> <p>(b) Explain the following techniques of Scientific Management :</p> <p>(i) Time Study</p> <p>(ii) Method Study</p> <p>Ans. Techniques of Scientific Management:</p> <p>(i) Time Study:</p> <ul style="list-style-type: none"> • Time study determines the standard time taken to perform a well-defined job. Time measuring devices are used for each element of task. • Its objective is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs. <p>(ii) Method Study:</p> <ul style="list-style-type: none"> • The objective of method study is to find out one best way of doing the job. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. • Method study helps to minimise the cost of production and maximise the quality and satisfaction of the customer. 	<p style="text-align: center;">2x2</p> <p style="text-align: center;">= 4 Marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">2x2</p> <p style="text-align: center;">= 4 Marks</p>
26.	<p>Q. State any four remedies available to the consumer under the provisions of the Consumer Protection Act, 2019.</p> <p>Ans. <u>Remedies available to the consumer under the provisions of the Consumer Protection Act : (Any FOUR)</u></p> <p>(i) To remove the defect in goods or deficiency in service.</p> <p>(ii) To replace the defective product with a new one, free from any defect.</p> <p>(iii) To refund the price paid for the product, or the charges paid for the service.</p>	

	<p>(iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.</p> <p>(v) To pay punitive damages in appropriate circumstances.</p> <p>(vi) To discontinue the unfair/ restrictive trade practice and not to repeat it in the future.</p> <p>(vii) Not to offer hazardous goods for sale.</p> <p>(viii) To withdraw the hazardous goods from sale.</p> <p>(ix) To cease manufacture of hazardous goods and to desist from offering hazardous services.</p> <p>(x) Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.</p> <p>(xi) To issue corrective advertisement to neutralise the effect of a misleading advertisement.</p> <p>(xii) To pay adequate costs to the appropriate party.</p> <p>(xiii) 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.</p>	<p>1x4 = 4 Marks</p>
27.	<p>Q. ‘Sabka Consumer Forum’, a well-known non-governmental organisation (NGO), has been working for the welfare of the consumers. Its main aim is to educate the general public about consumer rights by organising training programmes, seminars and workshops. Seeing the growing need for awareness, the NGO started publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of consumer interest. These publications became very popular and people began approaching the NGO for guidance. One day, a group of residents from a nearby housing society approached ‘Sabka Consumer Forum’. They had purchased water purifiers from a company, which turned out to be defective. Even after repeated complaints, the company had failed to respond. ‘Sabka Consumer Forum’ studied the case and decided to file a complaint on behalf of the consumers in the appropriate consumer court. Apart from the functions mentioned in the above case, state any four other functions which may be performed by ‘Sabka Consumer Forum’ for protecting and promoting consumer interests.</p> <p>Ans. Apart from the functions mentioned in the above case, four other functions which may be performed by ‘Sabka Consumer Forum’ are:</p> <p>(i) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.</p> <p>(ii) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.</p> <p>(iii) Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.</p>	

	(iv) Taking an initiative in filing cases in consumer courts in the interest of the general public , not for any individual.	1 x 4 =4 Marks
28.	<p>Q. Rhea runs an online business selling handmade candles. During the Diwali season, the demand for her handmade scented candles increases a lot. A month before Diwali, she received a big order from a chain of gift stores in and around the city. Rhea immediately checked the order details and processed it. She was aware that it was important to provide for accurate and speedy processing of orders, in the absence of which goods would reach the customers late or in the wrong quantity or specifications. After processing the order, Rhea arranged a vehicle to pick up the cartons from her workshop. She knew that the products can reach the customers only when they are physically moved from the place of production to the place of sale. The vehicle delivered the order at the gift chain's warehouse well before the festive rush.</p> <p>(a) Identify the two components of physical distribution that Rhea managed effectively.</p> <p>(b) Explain the other two components of physical distribution that Rhea needs to work on.</p> <p>Ans.</p> <p>(a) Two components of physical distribution that Rhea managed effectively are:</p> <p>(i) Order processing</p> <p>(ii) Transportation</p> <p>(b) Two other components of physical distribution that Rhea needs to work on are:-</p> <p>(i) Warehousing</p> <ul style="list-style-type: none"> Warehousing refers to the act of storing and assorting products in order to create time utility in them. The need for warehousing arises because there may be difference between the time a product is produced and the time it is required for consumption. <p>(ii) Inventory Control</p> <ul style="list-style-type: none"> 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. It helps in maintaining a balance in respect of the cost and customer satisfaction. 	<p>$\frac{1}{2}$ + $\frac{1}{2}$ =1 Mark</p> <p>$\frac{1}{2}$</p> <p>1</p> <p>$\frac{1}{2}$</p> <p>1</p> <p>1+3 =4 Marks</p>
29.	Q. 'Neo Appliances Ltd.', a company known for its innovative kitchen devices was established in 2001. Over the years, the company performed well and the market value of its shares increased. Rajan had bought	

	<p>shares of 'Neo Appliances Ltd.' many years ago. He sold some of the shares to arrange money for his daughter's higher education. He shared with his friend Madhur how his investment had multiplied over the years. Madhur was impressed and wanted to start investing in shares. He asked Rajan in which market he had sold his shares and whether it was safe to invest in that market. Rajan said, yes this market provides safety of transactions to investors.</p> <p>(a) Name the market in which Rajan sold his shares.</p> <p>(b) Identify and explain the function of the above market which facilitated Rajan in selling his shares.</p> <p>(c) Explain how the market identified in (a) above provides safety of transactions to investors.</p> <p>Ans.</p> <p>(a) The market in which Rajan sold his shares is Secondary Market/Stock Exchange.</p> <p>(b) The function of the above market which facilitated Rajan in selling his shares is 'Providing Liquidity and Marketability to Existing Securities'.</p> <ul style="list-style-type: none"> It creates a continuous market where securities are bought and sold which provides liquidity to existing securities. It gives investors the chance to disinvest and reinvest which provides marketability to existing securities. <p>(c) Safety of transactions to investors is provided as:</p> <ul style="list-style-type: none"> The membership of a stock exchange is well- regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market. 	<p>1 +</p> <p>1 +</p> <p>1 +</p> <p>1</p> <p>=4 Marks</p>
30.	<p>Q. Arjun and Neha were close friends. They had studied together in the same school. After completing their higher education, both of them joined a company named 'Apex Ltd.' in different roles, based on their qualifications. Arjun's role involved analysing the business environment and its implications for the survival of the firm. He was also responsible for the welfare and survival of the organisation. Neha, on the other hand, was heading the marketing department in the organisation. Her responsibility was to ensure that her department had the necessary personnel. In addition to many other responsibilities, she had to motivate them to achieve desired objectives.</p> <p>Apart from the functions mentioned in the above case, state two more functions each for Arjun and Neha that they would perform at the level at which they are working.</p> <p>Ans. Functions performed by Arjun at the top level of management other than those mentioned above are:(Any TWO)</p> <p>(i) To integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation.</p>	<p>1x2=2</p>

	<p>(ii) To formulate overall organisational goals and strategies for their achievement.</p> <p>(iii) To be responsible for all the activities of the business and for its impact on society.</p> <p>Functions performed by Neha at the middle level of management other than those mentioned above are:(Any TWO)</p> <p>(i) To interpret the policies framed by top management</p> <p>(ii) To assign necessary duties and responsibilities to personnel of the department.</p> <p>(iii) To co-operate with other departments for smooth functioning of the organisation.</p> <p>(iv) To be responsible for all the activities of first line managers.</p> <p>(v) To implement and control plans and strategies developed by the top management.</p>	<p>+</p> <p>1x2=2</p> <p>=4 Marks</p>
31.	<p>Q. ‘Alpha Electronics’ had recently received a large order for the supply of electronic control panels. The management was under pressure to deliver it on time. When one of the production lines started malfunctioning, the Production Manager, Suresh, was concerned. Although ‘Alpha Electronics’ was an organisation with highly centralised pattern where free communication was not encouraged. Suresh, still decided to call his senior technician, Manoj, to understand the problem. Suresh had the reputation of being unapproachable. He was conscious of his seniority and position so he rarely encouraged his subordinates to speak freely. Manoj was nervous as the production line was damaged due to his own negligence and he thought sharing it with his senior, Suresh, would adversely affect his interests. Anyhow, he had to go to Suresh’s office. When Manoj entered Suresh’s office, he saw that Suresh was pre-occupied with an important file before him. Suresh asked Manoj to explain what the problem was. Manoj reluctantly started explaining, but he felt that Suresh wasn’t listening to him. So Manoj did not share the complete information and the problem in the production line could not be rectified on time. Identify and explain four communication barriers discussed in the above case.</p> <p>Ans. <u>Communication barriers discussed above are:</u></p> <p>(i) 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>(ii) 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>½ mark for identifying and 1 mark for explanation</p>

	<p>(iii) Lack of attention: The preoccupied mind of receiver and the resultant non-listening of message acts as a major psychological barrier.</p> <p>(iv) Unwillingness to communicate: Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests.</p>	<p>1 ½ x 4 = 6 Marks</p>
32.	<p>Q.(a) Explain the following points of importance of planning :</p> <p>(i) Planning facilitates decision-making (ii) Planning establishes standards for controlling (iii) Planning promotes innovative ideas</p> <p>Ans. Importance of Planning:</p> <p>(i) Planning facilitates decision-making:</p> <ul style="list-style-type: none"> • Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. • The manager has to evaluate each alternative and select the most viable proposition. <p>(ii) Planning establishes standards for controlling:</p> <ul style="list-style-type: none"> • Planning provides the goals or standards against which the actual performance is measured. • It is a prerequisite for controlling. If there were no goals and standards, then finding deviations which is a part of controlling would not be possible. <p>(iii) Planning promotes innovative ideas:</p> <ul style="list-style-type: none"> • Since planning is the first function of management, new ideas can take the shape of concrete plans. • It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business. <p style="text-align: center;">OR</p> <p>(b) Explain the following points of importance of delegation :</p> <p>(i) Facilitation of growth (ii) Basis of management hierarchy (iii) Better coordination</p> <p>Ans. Importance of delegation:</p> <p>(i) Facilitation of growth:</p> <ul style="list-style-type: none"> • Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. • Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set up branches. 	<p>2 x3 = 6 Marks</p> <p style="text-align: center;">OR</p>

	<p>(ii) Basis of management hierarchy:</p> <ul style="list-style-type: none"> • Delegation of authority establishes superior subordinate relationships, which are the basis of hierarchy of management. • It is the degree and flow of authority which determines who has to report to whom. The extent of delegated authority also decides the power that each job position enjoys in the organisation. <p>(iii) Better coordination:</p> <ul style="list-style-type: none"> • The elements of delegation, namely authority, responsibility and accountability help to define the powers, duties and answerability related to the various positions in an organisation. • This helps to avoid overlapping of duties and duplication of effort as well as gives clarity in reporting relationships, and develop effective coordination amongst the departments, levels and functions of management. 	<p>2 x3 = 6 Marks</p>
33.	<p>Q. ‘Quality Foods Ltd.’, a company manufacturing packaged snacks has been in business for the last 10 years. It enjoys a good reputation and has a loyal customer base. This financial year, the profits of the company increased manifold as the company introduced a new range of baked snacks that became very popular. As the year came to an end, the company had to decide how much dividend to pay to its shareholders. In view of the above and with the understanding that investors, in general, view an increase in dividend as good news and stock prices react positively to it, the Board of Directors were keen on declaring a high dividend. However, the Chief Finance Officer of the company pointed out that they need to keep many considerations in mind before declaring dividend. He drew the attention of the Board of Directors to the loan that the company has taken, containing a clause that imposes restriction on the payment of dividend. Further, he pointed out that even though the profits were high, a large amount of money was tied to the amounts receivables from the debtors. Without enough cash in hand, announcing a high dividend may not be practical. He also reminded the Board of Directors that ‘Quality Foods Ltd.’ was planning to expand into the breakfast cereal market. Since this new project will require a huge investment, the company will need to retain more money out of their earnings to finance it.</p> <p>(a) Identify and explain any two factors affecting dividend decision that would have influenced the decision of the Board of Directors to pay a high dividend.</p> <p>(b) Identify and explain any two factors to which the Chief Finance Officer drew the attention of the Board of Directors.</p> <p>Ans.</p> <p>(a) Two factors affecting dividend decision that would have influenced the decision of the Board of Directors to pay a high dividend are:</p> <p>(i) Amount of Earnings:</p> <ul style="list-style-type: none"> • Dividends are paid out of current and past earnings. 	<p>$\frac{1}{2}$</p> <p>1</p>

	<ul style="list-style-type: none"> • Therefore, earnings is a major determinant of the decision about dividend. <p>(ii) Stock Market Reaction:</p> <ul style="list-style-type: none"> • Investors, generally, view an increase in dividend as a good news and stock prices react positively to it. • A decrease in dividend may have a negative impact on the share prices in the stock market. <p>(b) Two factors to which the Chief Finance Officer drew the attention of the Board of Directors are: (Any Two)</p> <p>(i) Contractual Constraints: The companies are required to ensure that the dividend does not violate the terms of the loan agreement which may impose restrictions on payment of dividend in future.</p> <p>(ii) Cash Flow Position: The payment of dividend involves an outflow of cash. Availability of enough cash in the company is necessary for declaration of dividend.</p> <p>(iii) Growth Opportunities: The dividend in growth companies is smaller than that in the non growth companies because companies having good growth opportunities retain more money out of their earnings so as to finance the required investment.</p>	<p>$\frac{1}{2}$</p> <p>1</p> <p>$\frac{1}{2}$ Mark for identifying and 1 Mark for explanation</p> <p>$1 \frac{1}{2} \times 2$ =3 Marks</p> <p>3+3 =6 Marks</p>
34.	<p>Q.(a) Explain the following steps in the process of selection :</p> <p>(i) Preliminary Screening</p> <p>(ii) Employment Interview</p> <p>(iii) Job Offer</p> <p>Ans. <u>Steps in the Process of Selection:</u></p> <p>i) Preliminary Screening:</p> <ul style="list-style-type: none"> • A manager eliminates unqualified or unfit job seekers based on the information supplied in the application forms. • Preliminary interviews help reject misfits for reasons, which did not appear in the application forms. <p>(ii) Employment Interview:</p> <ul style="list-style-type: none"> • Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. • The role of the interviewer is to seek information and that of the interviewee is to provide the same, while in present times, the interviewee also seeks information from interviewer. 	

<p>(iii) Job Offer:</p> <ul style="list-style-type: none"> • Job offer is made through a letter of appointment which generally contains a date by which the appointee must report on duty. • The appointee must be given reasonable time for reporting. <p style="text-align: center;">OR</p>	<p style="text-align: center;">2 x3 = 6 Marks</p> <p style="text-align: center;">OR</p>
<p>(b) Explain the following methods of training :</p> <p>(i) Apprenticeship programmes</p> <p>(ii) Internship training</p> <p>(iii) Vestibule training</p> <p>Ans. Methods of training:</p> <p>(i) Apprenticeship programmes:</p> <ul style="list-style-type: none"> • In apprenticeship programmes, the trainees are put under the guidance of a master worker in order to acquire a higher level of skill. • People seeking to enter skilled jobs such as plumbers, electricians or iron workers, are often required to undergo apprenticeship training. <p>(ii) Internship training:</p> <ul style="list-style-type: none"> • Internship training refers to joint programme of training in which educational institutions and business firms cooperate. • Selected candidates carry on regular studies for the prescribed period, and work in a factory or office to acquire practical knowledge and skills. <p>(iii) Vestibule training:</p> <ul style="list-style-type: none"> • Vestibule training refers to off the job training method wherein employees learn their jobs on the equipment they will be using, but away from the actual work floor. • This is usually done when employees are required to handle sophisticated machinery and equipment. 	<p style="text-align: center;">2x3</p> <p style="text-align: center;">= 6 Marks</p>