


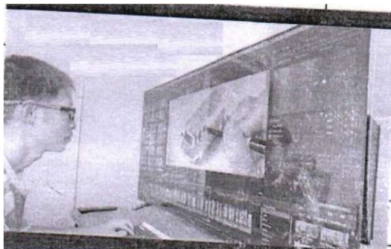
Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior Secondary School Examination, 2026 (XIIth)
BUSINESS STUDIES -66/5/1

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 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.) • 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.

66/5/1	<p style="text-align: center;">MARKING SCHEME BUSINESS STUDIES (054)- 66/5/1 [Paper Code — 66/5/1]</p>	
Q. No.	EXPECTED ANSWER / VALUE POINTS	MARKS
1	<p>Q. The top management of a smartphone manufacturing company recently observed that the government has ordered new safety standards for batteries used in smartphones to prevent overheating. It also noticed that the government announced a reduction in import duties on components used in mobile phones.</p> <p>The dimensions of business environment highlighted in the above case are:</p> <p>(A) Technological and legal environments (B) Political and technological environments (C) Legal and social environments (D) Political and legal environments</p> <p>Ans. (D) Political and legal environments</p>	1 mark
2	<p>Q. ‘Tangy Beverages Ltd.’ was known for its popular tangy fruit drinks. It had recently introduced a new range of fruit drinks that became an instant hit among consumers and led to a significant increase in the company’s profits. As a result, the Board of Directors wanted to declare a higher dividend for the year. The Chief Finance Officer suggested that they should evaluate the impact of dividend on the share price of previous years before taking a decision. An analysis was done, which showed how the company’s share price had risen in previous years whenever the dividend was increased. On the other hand, even a small decrease in dividend had led to a noticeable dip in the share price.</p> <p>Which of the following factors affecting dividend decision was suggested by the Chief Finance Officer to the Board of Directors in the above case?</p> <p>(A) Access to capital market (B) Stock market reaction (C) Shareholders preference (D) Cash flow position</p> <p>Ans. (B) Stock market reaction</p>	1 mark
3	<p>Q. Read the following statements: Assertion (A) and Reason (R)</p> <p>Assertion (A): General forces such as social, political, legal and technological conditions affect an individual firm only indirectly.</p> <p>Reason (R): General forces have an impact on all business enterprises, in contrast to, specific forces that affect individual firms directly and immediately in their day-to-day working.</p> <p>Choose the correct alternative from the following:</p> <p>(A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is <i>not</i> the correct explanation of Assertion (A).</p>	

	<p>(C) Only a satisfied need can motivate a person. (D) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</p> <p>Ans. (C) Only a satisfied need can motivate a person</p>	1 mark
8	<p>Q. Which of the following is <i>not</i> a factor affecting capital structure of a company?</p> <p>(A) Cash flow position (B) Return on investment (C) Financing alternatives (D) Stock market conditions</p> <p>Ans. (C) Financing alternatives</p>	1 mark
9	<p>Q. Identify the shift in the marketing management philosophy from Picture I to Picture II.</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p>Mass Production of Televisions Picture I</p> </div> <div style="text-align: center;">  <p>Use of Television as a Computer Monitor Picture II</p> </div> </div> <p>(A) From Production concept to Product concept (B) From Production concept to Societal marketing concept (C) From Societal marketing concept to Production concept (D) From Product concept to Production concept</p> <p>Ans. (A) From Production concept to Product concept</p> <p><i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 9.</i> The process of giving a name or a sign or a symbol etc., to a product is known as: (A) Brand (B) Branding (C) Labelling (D) Packaging</p> <p>Ans. (B) Branding</p>	1 mark
10	<p>Q. 'Deccan Motors Ltd.' is a renowned name in the automobile sector in India. It deals in both commercial vehicles like bus, truck and lorries, as well as passenger vehicles like cars, scooters, etc. It presently has a functional organisational structure. The Board of Directors have now</p>	

	<p>decided to shift to divisional structure, with separate divisions for commercial vehicles and passenger vehicles. Identify the benefit the company will get as a result of shifting to divisional structure:</p> <p>(A) It will promote flexibility and initiative because each division will function as an autonomous unit. (B) It will lead to minimal duplication of effort, which will result in economies of scale. (C) It will make training of employees easier as the focus will be on limited range of skills. (D) It will lead to occupational specialisation since emphasis will be placed on specific functions.</p> <p>Ans. (A) It will promote flexibility and initiative because each division will function as an autonomous unit.</p>	1 mark
11	<p>Q. Obligation of a subordinate to properly perform the assigned duty is known as _____.</p> <p>(A) Delegation (B) Accountability (C) Responsibility (D) Authority</p> <p>Ans. (C) Responsibility</p>	1 mark
12	<p>Q. A software company wants to expand its business. For this, it requires a large number of fresh graduates with innovative ideas in the field of Artificial Intelligence and Data Analytics. The existing staff members do not possess these specialized skills, so a notice was put up at the reception of the office asking the present employees to introduce any friend or relative who could possibly be possessing the required skills for the jobs.</p> <p>The source of recruitment that has been used by the software company is:</p> <p>(A) Direct Recruitment (B) Recommendation of employees (C) Transfer (D) Promotion</p> <p>Ans. (B) Recommendation of employees</p>	1 mark
13	<p>Q. Read the following statements carefully: Statement I: The entry to a profession is not restricted either through an examination or through acquiring an educational degree. Statement II: There is no restriction on anyone being designated or appointed as a manager in any business enterprise irrespective of the educational qualifications possessed.</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. (B) Statement I is false and Statement II is true.</p>	1 mark										
14	<p>Q. A leading newspaper company noticed that many of its talented editors were resigning despite being paid competitive salaries. On conducting an internal survey, it was revealed that employees were dissatisfied as they were not being offered benefits over and above the salary, like the employees of other competitive firms. Realising that such additional benefits play an important role in motivating employees, the management decided to provide car allowance, housing facilities, medical benefits, etc. to retain employees in the organisation and improve their satisfaction. Identify the incentive that the newspaper company decided to provide to their employees:</p> <p>(A) Bonus (B) Retirement benefits (C) Perquisites (D) Profit sharing</p> <p>Ans. (C) Perquisites</p>	1 mark										
15	<p>Q. Match the type of plan given in Column-I with its meaning in Column-II:</p> <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>a. Policy</td><td>(i) Prescribed way or manner in which a task has to be performed considering the objective.</td></tr><tr><td>b. Programme</td><td>(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.</td></tr><tr><td>c. Method</td><td>(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.</td></tr><tr><td>d. Strategy</td><td>(iv) A general statement that guides thinking or channelises energies towards a particular direction.</td></tr></table> <p>Choose the correct alternative from the following:</p> <p>(A) a-(ii), b-(iv), c-(i), d-(iii) (B) a-(iv), b-(ii), c-(i), d-(iii) (C) a-(iv), b-(ii), c-(iii), d-(i) (D) a-(iv), b-(i), c-(ii), d-(iii)</p> <p>Ans. (B) a-(iv), b-(ii), c-(i), d-(iii)</p>	Column-I	Column-II	a. Policy	(i) Prescribed way or manner in which a task has to be performed considering the objective.	b. Programme	(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.	c. Method	(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.	d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.	1 mark
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c. Method	(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.											
d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.											

16	<p>Q. The purpose of opening a Demat Account with a Depository Participant (DP) is:</p> <p>(A) For holding and transferring securities in the Demat form (B) For entering into an agreement with broker (C) For making payment to stock exchange for any purchase of securities (D) For enabling cash transactions in the securities market</p> <p>Ans. (A) For holding and transferring securities in the Demat form</p>	1 mark
17	<p>Q. The step of the staffing process in which an employee's current and/or past performance is evaluated against certain pre-determined standards is:</p> <p>(A) Placement and orientation (B) Performance appraisal (C) Promotion and career planning (D) Recruitment</p> <p>Ans. (B) Performance appraisal</p>	1 mark
18	<p>Q. Which of the following will require higher working capital?</p> <p>(A) Trading organisations (B) Short processing cycles (C) High level of competition (D) Strict credit policy towards debtors</p> <p>Ans. (C) High level of competition</p>	1 mark
19	<p>Q. Read the following statements carefully:</p> <p><i>Statement I:</i> In democratic leadership style, the followers are given a high degree of independence to formulate their own objectives and ways to achieve them.</p> <p><i>Statement II:</i> In autocratic leadership style, communication is only one-way, with the subordinates only acting according to the command given by their managers.</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. (B) Statement I is false and Statement II is true</p>	1 mark
20	<p>Q. Read the following statements: Assertion (A) and Reason (R).</p> <p><i>Assertion (A):</i> The investing public gets a safe and fair deal on the stock market.</p> <p><i>Reason (R):</i> The membership of stock exchange is well regulated and its dealings are well defined according to the existing legal framework.</p> <p>Choose the correct alternative from the following:</p>	

	<p>(A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is <i>not</i> the correct explanation of Assertion (A). (C) Both Assertion (A) and Reason (R) are incorrect. (D) Assertion (A) is correct, but Reason (R) is incorrect.</p> <p>Ans. (A) Both assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).</p>	1 mark
21	<p>Q. 'Premier Ltd.' is a clothing company known for its high quality apparel and strong commitment to environment sustainability. The company designs its clothing after carefully understanding the needs of its present and prospective buyers and satisfying them in an effective manner. It assumes that profit can be maximised only when all decisions are taken from the point of view of customer satisfaction. Along with meeting customer needs, 'Premier Ltd.' also shows a deep concern for the long-term well-being of the society. To reduce environmental pollution, the company is using organic cotton and recycled polyester. For reducing waste, they run a programme where customers can return old clothes for recycling and get a discount on new clothes. Not only this, they keep aside a portion of its profits for environmental education programmes in local schools.</p> <p>Identify and explain two marketing management philosophies followed by 'Premier Ltd.'.</p> <p>Ans. <u>Marketing Management Philosophies followed by 'Premier Ltd.':</u></p> <p>(i) Marketing Concept</p> <ul style="list-style-type: none"> 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 in the long run. <p>(ii) Societal Marketing Concept</p> <ul style="list-style-type: none"> The societal marketing concept holds that the task of any organisation is to identify the 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>(½ mark for identification + 1 mark for explanation)</p> <p>= 1½ x 2</p> <p>= 3 marks</p>

22	<p>Q. (a) State any three points of importance of Financial Planning.</p> <p>Ans. Importance of Financial Planning: (Any THREE)</p> <ul style="list-style-type: none"> (i) It helps in forecasting what may happen in future under different business situations to enable the firms to face the eventual situation in a better way. (ii) It helps in avoiding business shocks and surprises and helps the company in preparing for the future. (iii) It helps in co-ordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures. (iv) Detailed plans of action prepared under financial planning reduce waste, duplication of efforts and gaps in planning. (v) It tries to link the present with the future. (vi) It provides a link between investment and financing decisions on a continuous basis. (vii) By spelling out detailed objectives for various business segments, it makes the evaluation of actual performance easier. <p style="text-align: center;">OR</p> <p>Q. (b) State any three factors that determine the requirement of fixed capital of a company.</p> <p>Ans. Factors affecting Requirement of Fixed Capital: (Any THREE)</p> <ul style="list-style-type: none"> (i) Nature of business as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation. (ii) Scale of operation as a large organisation operating at a higher scale needs higher investment in fixed assets as compared to a small organisation. (iii) The choice of technique is a factor affecting requirement of fixed capital as a capital-intensive organisation requires higher investment in plant, whereas a labour-intensive organisation requires less investment in fixed assets. (iv) Higher investment in fixed assets may be required in certain industries where assets become obsolete sooner and need to be replaced faster due to technology upgradation. (v) Higher growth of an organisation generally requires higher investment in fixed assets, consequently larger fixed capital. (vi) With diversification, fixed capital requirement increases as more investment is to be made in fixed assets. 	<p style="text-align: center;">1 x 3</p> <p style="text-align: center;">= 3 marks</p> <p style="text-align: center;">OR</p>
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	<p>(vii) The financing alternatives affect the requirement of fixed capital as availability of leasing facilities may reduce the funds required to be invested in fixed assets as compared to buying an asset.</p> <p>(viii) Collaboration reduces the level of investment in fixed assets as organisations share each other's facilities.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded)</p>	<p>= 1 x 3</p> <p>= 3 marks</p>
23	<p>Q. 'DF Telecom Ltd.', which produces a range of mobile phones for the Indian market, set a target to produce 30,000 units of mobile phones in the month of December 2025. This was the benchmark against which actual performance would be measured. At the end of the month, it was found that only 27,000 units were produced.</p> <p>Concerned with the shortfall, the General Manager asked the Production Manager to find out and resolve the problem.</p> <p>State the steps related to the process of one of the functions of management which the Production Manager has to take to find out and resolve the problem.</p> <p>Ans. <u>The steps related to the process of Controlling function which the production manager has to take to find out and resolve the problem:</u></p> <p>(i) Analysing Deviations which involves using 'management by exception' to determine the acceptable range of deviations and 'Critical Point Control' to attend to the deviations in key areas of business more urgently than in insignificant areas and analysing their causes.</p> <p>(ii) Taking corrective action when the deviations go beyond the acceptable range, especially in the important areas, so that deviations do not occur again and standards are accomplished.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded)</p>	<p>1 ½</p> <p>1 ½</p> <p>= 3 marks</p>
24	<p>Q. (a) Differentiate between 'Capital Market' and 'Money Market' on the basis of the following:</p> <p>(i) Investment Outlay</p> <p>(ii) Liquidity</p> <p>(iii) Safety</p>	

	<p>Ans. Difference between ‘Capital Market’ and ‘Money Market’</p> <table border="1" data-bbox="329 243 1247 800"> <thead> <tr> <th>BASIS</th><th>CAPITAL MARKET</th><th>MONEY MARKET</th></tr> </thead> <tbody> <tr> <td>(i) Investment Outlay</td><td>Investment in 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 sums of money as the instruments are quite expensive.</td></tr> <tr> <td>(ii) Liquidity</td><td>Capital market securities are considered less liquid.</td><td>Money market instruments enjoy a higher degree of liquidity as there is a formal arrangement for it.</td></tr> <tr> <td>(iii) Safety</td><td>Capital market instruments are riskier both with respect to returns and principal repayment.</td><td>Money market instruments are generally much safer with minimum risk of default.</td></tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Q.(b) State any three development functions of Securities and Exchange Board of India.</p> <p>Ans. <u>Development Functions of Securities and Exchange Board of India</u></p> <p>(i) Training of intermediaries of the securities market.</p> <p>(ii) Conducting research and publishing information useful to all market participants.</p> <p>(iii) Undertaking measures to develop the capital markets by adapting a flexible approach.</p>	BASIS	CAPITAL MARKET	MONEY MARKET	(i) Investment Outlay	Investment in 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 sums of money as the instruments are quite expensive.	(ii) Liquidity	Capital market securities are considered less liquid.	Money market instruments enjoy a higher degree of liquidity as there is a formal arrangement for it.	(iii) Safety	Capital market instruments are riskier both with respect to returns and principal repayment.	Money market instruments are generally much safer with minimum risk of default.	<p>= 1 x 3</p> <p>= 3 marks</p> <p style="text-align: center;">OR</p> <p>1 x 3</p> <p>= 3 marks</p>
BASIS	CAPITAL MARKET	MONEY MARKET												
(i) Investment Outlay	Investment in 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 sums of money as the instruments are quite expensive.												
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25	<p>Q. (a) Explain the following points of importance of business environment:</p> <p>(i) Helps in tapping useful resources</p> <p>(ii) helps in coping with rapid changes</p> <p>Ans.</p> <p>(i) <u>Helps in tapping useful resources</u></p> <p>A business enterprise depends on the environment as a source of inputs or resources and as an outlet for outputs, the enterprise designs those policies that allow it to get the resources that it needs, so that it can convert those resources into outputs that the environment desires. This can be done better by understanding what the environment has to offer.</p>	<p>2</p>												

	<p>(ii) <u>Helps in coping with rapid changes</u> All sizes and all types of enterprises are facing increasingly dynamic environment. In order to effectively cope with these significant changes, managers must understand and examine the environment and develop suitable courses of action.</p> <p style="text-align: center;">OR</p> <p>Q.(b) Explain the following techniques of Scientific Management: (i) Method Study (ii) Standardisation and simplification of work</p> <p>Ans. (i) Method Study</p> <ul style="list-style-type: none"> Method study is a technique 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 a part of method study. Method study helps to minimise the cost of production and maximise the quality and satisfaction of the customer. <p>(ii) Standardisation and simplification of work</p> <ul style="list-style-type: none"> Standardisation refers to the process of setting standards for every business activity. It can be standardisation of process, raw material, time, product, machinery, methods or working conditions. Simplification aims at eliminating unnecessary diversity of products which will result in savings of cost of labour, machines and tools. 	<p style="text-align: center;">2</p> <p style="text-align: center;">= 4 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">= 4 marks</p>
26	<p>Q (a) State any four features of coordination.</p> <p>Ans. Features of coordination: (Any FOUR)</p> <p>(i) Coordination integrates group efforts by unifying diverse interests into purposeful work activity.</p> <p>(ii) It ensures unity of action by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) It is a continuous process as it starts at the planning stage and continues till controlling.</p> <p>(iv) It is an all-pervasive function as it is required at all levels of management and in all departments of an organisation.</p> <p>(v) It is the responsibility of all managers at the top, middle and operational level.</p> <p>(vi) It is a deliberate function as a manager has to coordinate the efforts of different people in a conscious and deliberate manner.</p>	<p style="text-align: center;">1 x 4</p> <p style="text-align: center;">= 4marks</p>

	<p>(If an examinee has only listed the points, $\frac{1}{2}$ mark for each point should be awarded)</p> <p style="text-align: center;">OR</p> <p>Q. (b) State any four points of importance of management.</p> <p>Ans. Importance of management: (Any FOUR)</p> <p>(i) Management helps in achieving group goals by giving a common direction to the individual effort to achieve the overall goal of the organisation.</p> <p>(ii) Management increases efficiency by reducing costs and increasing productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.</p> <p>(iii) Management creates a dynamic organisation by helping people adapt to changes so that the organisation is able to maintain its competitive edge.</p> <p>(iv) Management helps in achieving personal objectives by motivating and leading in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective.</p> <p>(v) Management helps in the development of society by fulfilling its multiple objectives that serve the purpose of the different groups that constitute it.</p> <p>(If an examinee has only listed the points, $\frac{1}{2}$ mark for each point should be awarded)</p>	<p style="text-align: center;">OR</p> <p style="text-align: center;">1 x 4</p> <p style="text-align: center;">= 4 marks</p>												
27	<p>Q. ‘Ratan Ltd.’ and ‘Lara Ltd.’ are two companies with each having a capital employed of ₹ 20,00,000. ‘Ratan Ltd.’ had raised funds by issuing shares whereas ‘Lara Ltd.’s’ capital has 60% equity (in shares of ₹ 100 each) and 40% debt (comprising of 8% debentures). Both the companies have a Return on Investment of 10% and the tax rate is 40%.</p> <p>State with reason which company will be able to give a better return to the shareholders. Show your calculations clearly.</p> <p>Ans. Workings:</p> <table border="1"> <thead> <tr> <th>Details</th><th>Ratan Ltd. (₹)</th><th>Lara Ltd. (₹)</th></tr> </thead> <tbody> <tr> <td>Share Capital (of ₹100 each)</td><td>20,00,000</td><td>12,00,000</td></tr> <tr> <td>8% Debentures</td><td>-</td><td>8,00,000</td></tr> <tr> <td>Capital Employed</td><td>20,00,000</td><td>20,00,000</td></tr> </tbody> </table>	Details	Ratan Ltd. (₹)	Lara Ltd. (₹)	Share Capital (of ₹100 each)	20,00,000	12,00,000	8% Debentures	-	8,00,000	Capital Employed	20,00,000	20,00,000	
Details	Ratan Ltd. (₹)	Lara Ltd. (₹)												
Share Capital (of ₹100 each)	20,00,000	12,00,000												
8% Debentures	-	8,00,000												
Capital Employed	20,00,000	20,00,000												

	Details	Ratan Ltd. (₹)	Lara Ltd. (₹)	3
	Earnings Before Interest and Tax	2,00,000	2,00,000	
	Less: Interest @ 8% p.a.	-	(64,000)	
	Earnings Before Tax	2,00,000	1,36,000	
	Less: Tax @ 40%	(80,000)	(54,400)	
	Earnings After Tax	1,20,000	81,600	
	Earnings Per Share	= $\frac{1,20,000}{20,000}$	= $\frac{81,600}{12,000}$	
	= <u>Earnings After Tax</u>			
	No. of shares	= 6	= 6.8	
	<p>Lara Ltd. will be able to give better returns to the shareholders.</p> <p>Reason: Due to presence of debt in capital structure and Return On Investment being higher than the cost of debt, Lara Ltd. will be able to give higher returns to its shareholders.</p>			<p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>= 4 marks</p>
28	<p>Q. Rishabh purchased a car for ₹ 8,00,000. He insured the car on the same day from Alex Insurance Company. Rishabh's car was stolen in Kedwan while he was on vacation with his family. He promptly filed a First Information Report (FIR), informed the insurer and submitted all the required documents.</p> <p>To Rishabh's shock, the insurance company rejected his claim, alleging he had failed to take due care and had parked the car in an unsafe manner. Determined to challenge this, Rishabh wrote multiple letters to the insurance company, but the insurance company refused to pay the compensation.</p> <p>Rishabh filed a case with District Commission. The District Commission was satisfied with the genuineness of the complaint and ordered the insurance company to pay a reasonable amount.</p> <p>Identify and explain two consumer rights which have been exercised by Rishabh.</p>			<p><u>Ans. Consumer Rights which have been exercised by Rishabh:</u></p> <p>(i) Right to be heard</p> <ul style="list-style-type: none"> • In case of dissatisfaction with a good or a service, the consumer has a right to file a complaint and to be heard • It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. <p>(ii) Right to seek redressal</p> <ul style="list-style-type: none"> • In case the product or service falls short of his expectations, the consumer has a right to get relief. • The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect, compensation paid for any loss or injury suffered by consumer, etc.

(1 mark for identification
+
1 mark for explanation)

= 2 x 2
= 4 marks

29	<p>Q. Hitesh started a garment manufacturing company recently. However, he soon began facing several problems like targets not met, conflicts among managers, high labour turnover, etc. He hired a management consultant to find out what was going wrong. The consultant conducted investigations and gave the following observations:</p> <p>(i) In Production Department, workers were receiving instructions from both, the Production Manager and the Marketing Manager. As a result, there was a lot of confusion regarding tasks to be done.</p> <p>(ii) Promotions were given only to women employees. Other employees did not get equal opportunities in the company to rise.</p> <p>Identify and explain the two principles of management given by Fayol which are not being followed in Hitesh's company.</p> <p><u>Ans. Two principles of management given by Fayol which are not being followed in Hitesh's company:</u></p> <p>(i) Unity of Command</p> <ul style="list-style-type: none"> • The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior. • It prevents confusion regarding tasks to be done. <p>(ii) Equity</p> <ul style="list-style-type: none"> • This principle advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. • It emphasizes kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. 	<p>(½ mark for identification + 1½ mark for explanation)</p> <p>= 2 x 2</p> <p>= 4 marks</p>
30	<p>Q. The students of class 11 of 'AL Public School' decided to host a farewell party to students of class 12. A core team was formed that brainstormed and identified various activities that needed to be performed for the same. It was decided that the arrangements for refreshments, sound and music, tentage, gifts, invitations and cultural programme are required to be made. The students then divided the work into manageable activities so that duplication is avoided and burden of work is shared. The students were excited that they were managing the whole event themselves.</p> <p>(i) The students of class 11 have performed one of the steps in the process of organising. Identify the step.</p> <p>(ii) State the next three steps that the students need to perform to complete the process of organising successfully.</p> <p>Ans.</p> <p>(i) The step in the process of organizing that has been performed by the students of class 11 is 'Identification and Division of Work'.</p>	<p>1</p> <p>+</p>

	<p>(ii) <u>Next three steps that the students need to perform to complete the process of organizing successfully:</u></p> <p>(a) Departmentalization involves grouping together those activities which are similar in nature to form departments to facilitate specialisation.</p> <p>(b) Assignment of duties involves allocation of jobs to the members of each department (job positions) in accordance to their skills and competencies.</p> <p>(c) Establishment of authority-responsibility relationships so that each individual knows who he has to take orders from and to whom he is accountable.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded)</p>	<p>1 x 3</p> <p>= 4 Marks</p>
31	<p>Q. ‘Novel Stores’ is a chain of grocery stores that has built its reputation on customer satisfaction. It is known for its high-quality products, including a wide variety of bakery, dairy products and ready-to-cook meal kits, etc. catering to diverse customer needs. The store regularly takes feedback from the customers and stocks items accordingly. The store is popular among the customers for its attractive schemes such as ‘buy one get one free’ offers and weekly discounts, etc. which are advertised on its website. Once the goods are manufactured, packaged, branded and promoted, ‘Novel Stores’ ensures that they are made available to customers at the right place, in the right quantity and at the right time. Customers can place orders online and choose to get them delivered at their home or pick them up from the store at a selected time. As a result, the revenues of ‘Novel Stores’ are growing every year and profits are increasing.</p> <p>Identify and explain the elements of marketing mix highlighted in the above case.</p> <p>Ans. <u>Elements of marketing mix:</u></p> <p>(i) Product</p> <ul style="list-style-type: none"> ● Product means goods or services or ‘anything of value’, which is offered to the market for sale. It also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts. ● The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products. <p>(ii) Promotion</p> <ul style="list-style-type: none"> ● Promotion of products and services include activities that communicate information (availability, features, merits) of the products to the target customers and persuade them to buy it. ● Organisations undertake various promotional activities and spend substantial amounts of money on the promotion of their goods by using 	<p>(½ mark for identification + 1½ mark for explanation)</p>

	<p>a number of tools such as advertising, personal selling, public relations and sales promotion techniques.</p> <p>(iii)Place</p> <ul style="list-style-type: none"> • Place or Physical Distribution include activities that make the firm's products available to the target customers. • Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers. 	<p>= 2 x 3</p> <p>= 6 Marks</p>
32	<p>Q.(a) Explain any four points of importance of directing function of management.</p> <p>Ans. <u>Importance of directing function of management:</u> (Any FOUR)</p> <p>(i) Initiates action:</p> <ul style="list-style-type: none"> • Directing helps to initiate action by people in the organisation towards attainment of desired objectives. • A superior guides his subordinates and clarifies their doubts in performing a task and helps them to achieve work targets given to them. <p>(ii) Integrates employees' efforts:</p> <ul style="list-style-type: none"> • Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organisational performance. • It ensures that the individuals work for organisational goals. <p>(iii) Guides employees to fully realise their potential and capabilities:</p> <ul style="list-style-type: none"> • Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership. • A good leader identifies the potential of his employees and motivates them to extract work up to their full potential. <p>(iv) Facilitates introduction of needed changes:</p> <ul style="list-style-type: none"> • Directing facilitates introduction of needed changes in the organisation. • Generally, people have a tendency to resist changes in the organisation. Effective directing through motivation, communication and leadership helps to reduce such resistance and develop required cooperation in introducing changes in the organisation. <p>(v) Brings stability and balance:</p> <ul style="list-style-type: none"> • Effective directing helps to bring stability in the organisation since it fosters cooperation and commitment among the people. • It also helps to achieve balance among various groups, activities and the departments. <p style="text-align: center;">OR</p>	<p>(½ mark for naming + 1 mark for explanation)</p> <p>= 1 ½ x 4</p> <p>= 6 marks</p> <p style="text-align: center;">OR</p>

	<p>Q(b). Explain any four psychological barriers of communication.</p> <p>Ans. <u>Psychological barriers of communication: (Any FOUR)</u></p> <p>(i) Premature evaluation:</p> <ul style="list-style-type: none"> • Premature evaluation is when people evaluate the meaning of a message before the sender completes his message. • This may be due to pre-conceived notions or prejudices against the communication. <p>(ii) Lack of attention:</p> <ul style="list-style-type: none"> • The preoccupied mind of the receiver and the resultant non-listening of messages acts as a major psychological barrier. • This may lead to disappointment. <p>(iii) Loss by transmission and poor retention:</p> <ul style="list-style-type: none"> • When communication passes through various levels, successive transmissions of the message results in loss of, or transmission of inaccurate information. • Poor retention is another barrier as people cannot retain the information for a long time if they are inattentive or not interested. <p>(iv) Distrust:</p> <ul style="list-style-type: none"> • Distrust between communicator and communicatee acts as a barrier. • If the parties do not believe each other, they cannot understand each other's message in its original sense. 	<p>(½ mark for naming + 1 mark for explanation)</p> <p>= 1½ x 4</p> <p>= 6 marks</p>
33	<p>Q. 'Yummi Foods', a fast-growing snacks chain has been in business for the last 13 years. Realising that there is a growing demand for nutritious food, the company planned to enter the healthy snacks segment. They decided to hire a Marketing Manager with an experience in this segment. For this, they gave an advertisement in a leading newspaper and received more than 200 applications.</p> <p>The Human Resource Manager carefully went through all the application forms and removed the application forms of those applicants who did not meet the basic qualifications. Short introductory interactions were also held to filter out candidates who did not match the job requirements. The shortlisted candidates were then asked to take a test designed to measure their intelligence, personality traits, etc. Candidates who performed well in the test were invited for a formal in-depth conversation to be evaluated on their suitability for the job. A job offer was made to a candidate for the role of a Marketing Manager through an appointment letter mentioning the joining date. But before the job offer was made, 'Yummi Foods' had performed three steps in the process of selection which are not mentioned above. Identify and explain the steps.</p> <p>Ans. <u>Steps in the process of selection performed by 'Yummi foods':</u></p> <p>(i) Reference and Background Checks:</p>	

	<ul style="list-style-type: none"> Employers request names, addresses, and telephone numbers of references for the purpose of verifying information and gaining additional information of an applicant. References may include previous employers, known persons, teachers and university professors, etc. <p>(ii) Selection Decision:</p> <ul style="list-style-type: none"> The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. <p>(iii) Medical Examination:</p> <ul style="list-style-type: none"> After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination. 	<p>(½ mark for identification + 1 ½ mark for explanation)</p> <p>= 2 x 3</p> <p>= 6 marks</p>
34	<p>Q. (a) Explain the following points of importance of delegation:</p> <p>(i) Employee development</p> <p>(ii) Motivation of employees</p> <p>(iii) Effective management</p> <p>Ans. Importance of delegation</p> <p>(i) Employee development</p> <ul style="list-style-type: none"> As a result of delegation, employees get more opportunities to utilise their talent and this may give rise to latent abilities in them. It makes them better leaders and decision makers and helps by preparing better future managers. <p>(ii) Motivation of employees</p> <ul style="list-style-type: none"> When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust on the superior's part and commitment on the part of the subordinate. This builds self-esteem of the employees leading to performance. <p>(iii) Effective management</p> <ul style="list-style-type: none"> By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas. <p style="text-align: center;">OR</p>	<p>2</p> <p>2</p> <p>2</p> <p>= 6 marks</p> <p style="text-align: center;">OR</p>

	<p>Q(b) Explain the following points of importance of planning:</p> <p>(i) Planning provides directions</p> <p>(ii) Planning reduces overlapping and wasteful activities</p> <p>(iii) Planning establishes standards for controlling</p> <p>Ans. <u>Importance of planning</u></p> <p>(i) Planning provides directions</p> <ul style="list-style-type: none"> • Planning provides direction for action by stating in advance how work is to be done • It also ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. <p>(ii) Planning reduces overlapping and wasteful activities</p> <ul style="list-style-type: none"> • Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. • Useless and redundant activities are minimized or eliminated. <p>(iii) Planning establishes standards for controlling</p> <ul style="list-style-type: none"> • Planning provides the goals or standards against which actual performance is measured. • It is a prerequisite for controlling. If there were no goals and standards, then, finding deviations which are a part of controlling, would not be possible. 	<p>2</p> <p>2</p> <p>2</p> <p>= 6 marks</p>
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