

Marking Scheme
Strictly Confidential
(For Internal and Restricted use only)
Senior Secondary School Examination, 2026 (XIIth)
BUSINESS STUDIES - 66/4/2

| | |
|-----------|--|
| | <u>General Instructions: -</u> |
| 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 : 66/4/2) | | |
|---|---|--------------|
| Q. No. | EXPECTED OUTCOMES/VALUE POINTS | Marks |
| 1. | <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 |
| 2. | <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 |
| 3. | <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 |

| 4. | <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 | | | | | | | | | | |
|-----------------------------------|--|----------|-----------|-----------------|--|-------------------|--|-----------------------------------|--|---------------------------|---|--------|
| 5. | <p>Q. Match the incentives given in Column I with their meanings given in Column II.</p> <table><tr><th>Column I</th><th>Column II</th></tr><tr><td>1. Job Security</td><td>(i) Involving employees in decision-making of the issues related to them</td></tr><tr><td>2. Job Enrichment</td><td>(ii) Providing opportunities to employees to improve their skills and be promoted to higher level jobs</td></tr><tr><td>3. Career Advancement Opportunity</td><td>(iii) Stability about future income and work</td></tr><tr><td>4. Employee Participation</td><td>(iv) Designing jobs that include greater variety of work content and higher levels of knowledge and skill</td></tr></table> <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) (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> | Column I | Column II | 1. Job Security | (i) Involving employees in decision-making of the issues related to them | 2. Job Enrichment | (ii) Providing opportunities to employees to improve their skills and be promoted to higher level jobs | 3. Career Advancement Opportunity | (iii) Stability about future income and work | 4. Employee Participation | (iv) Designing jobs that include greater variety of work content and higher levels of knowledge and skill | 1 Mark |
| Column I | Column II | | | | | | | | | | | |
| 1. Job Security | (i) Involving employees in decision-making of the issues related to them | | | | | | | | | | | |
| 2. Job Enrichment | (ii) Providing opportunities to employees to improve their skills and be promoted to higher level jobs | | | | | | | | | | | |
| 3. Career Advancement Opportunity | (iii) Stability about future income and work | | | | | | | | | | | |
| 4. Employee Participation | (iv) Designing jobs that include greater variety of work content and higher levels of knowledge and skill | | | | | | | | | | | |
| 6. | <p>Q. Read the following statements carefully :</p> <p>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.</p> <p>Statement II : The selling concept assumes that the consumers will favour those products which are widely available at an affordable price.</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 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 | | | | | | | | | | |
| 7. | <p>Q. ‘The first step in the controlling process is setting up of performance standards.’</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 |
| 11. | <p>Q. _____ is a detailed statement about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.</p> <p>(A) Rule (B) Strategy (C) Programme (D) Procedure</p> <p>Ans. (C) Programme</p> | 1 Mark |
| 12. | <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 |
| 13. | <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 |
| 14. | <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</p> | |

| Basis | Formal organisation | Informal organisation |
|-----------------------|--|--|
| Meaning | Formal organisation refers to structure of authority relationships created by the management | Informal organisation refers to network of social relationships arising out of interaction among employees |
| Origin | It arises as a result of company rules and policies | It arises as a result of social interaction |
| Authority | It arises by virtue of position in management | It arises out of personal qualities |
| Behaviour | It is directed by rules | There is no set behaviour pattern |
| Flow of Communication | Communication takes place through the scalar chain | Flow of communication is not through a planned route. It can take place in any direction |
| Nature | Formal organisation is rigid | Informal organisation is flexible |
| Leadership | Managers are leaders. | Leaders may or may not be managers. They are chosen by the group. |

**1x 3
=
3 Marks**

OR

(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. |

OR

| | | | | | | | | | | | |
|------------------------|---|--|---|--|------|---|--|--------------|---|---|--------------------------------------|
| | <table> <tr> <td>Managerial Development</td><td>Managerial development is easier, because autonomy as well as the chance to perform multiple functions helps in managerial development.</td><td>Managerial development is difficult, as each functional manager has to report to the top management.</td></tr> <tr> <td>Cost</td><td>There is duplication of resources in various departments, hence it is costly.</td><td>Functions are not duplicated hence it is economical.</td></tr> <tr> <td>Coordination</td><td>Coordination is easy, because all functions related to a particular product are integrated in one department.</td><td>Coordination is difficult for a multi- product company.</td></tr> </table> | 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. | <p>1x 3 = 3 Marks</p> |
| 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. | | | | | | | | | |
| 22. | <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 under environmental laws and necessary permissions from the government departments. 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 : 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: 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> | | | | | | | | | |
| 23. | <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</p> | | | | | | | | | | |

| | | |
|-----|--|---|
| | <p>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.</p> <p>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> <ul style="list-style-type: none"> • A manager seeks to reduce wastage and spoilage of resources as each activity is performed in accordance with predetermined standards and norms. • It ensures that resources are used in the most effective and efficient manner. <p>(iii) Facilitating coordination in action:</p> <ul style="list-style-type: none"> • Each department and employee is governed by pre-determined standards which are well coordinated with one another. • Controlling provides direction to all activities and efforts for achieving organisational goals. | <p>½ mark for the heading + 1 mark for explanation</p> <p>1 ½ x 2 = 3 Marks</p> |
| 24. | <p>Q.(a) Differentiate between Capital Market and Money Market on the basis of :</p> <p>(i) Investment outlay (ii) Instruments (iii) Safety</p> <p>Ans. <u>Difference between Capital Market and Money Market:</u></p> | |

| | | | | | | | | | | | | | | |
|--------------------------|---|--|----------------|--------------|--------------------------|---|--|---------------------|---|--|-----------------|--|--|------------------------------------|
| | <table><tr><td>Basis</td><td>Capital Market</td><td>Money Market</td></tr><tr><td>(i) Investment outlay</td><td>Investment in the capital market does not necessarily require a huge financial outlay i.e, the value of units of securities is generally low.</td><td>In the money market, transactions involve huge sums of money as the instruments are quite expensive.</td></tr><tr><td>(ii) Instruments</td><td>The main instruments traded in the capital market are equity shares, debentures, bonds, preference shares, etc.</td><td>The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills reports, etc.</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 is generally much safer with a minimum risk of default.</td></tr></table> | Basis | Capital Market | Money Market | (i) Investment outlay | Investment in the capital market does not necessarily require a huge financial outlay i.e, the value of units of securities is generally low. | In the money market, transactions involve huge sums of money as the instruments are quite expensive. | (ii) Instruments | The main instruments traded in the capital market are equity shares, debentures, bonds, preference shares, etc. | The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills reports, etc. | (iii) Safety | Capital market instruments are riskier both with respect to returns and principal repayment. | Money market is generally much safer with a minimum risk of default. | <p>1 x3 =3 Marks</p> <p>OR</p> |
| Basis | Capital Market | Money Market | | | | | | | | | | | | |
| (i) Investment outlay | Investment in the capital market does not necessarily require a huge financial outlay i.e, the value of units of securities is generally low. | In the money market, transactions involve huge sums of money as the instruments are quite expensive. | | | | | | | | | | | | |
| (ii) Instruments | The main instruments traded in the capital market are equity shares, debentures, bonds, preference shares, etc. | The main instruments traded in the money market are short term debt instruments such as T-bills, trade bills reports, etc. | | | | | | | | | | | | |
| (iii) Safety | Capital market instruments are riskier both with respect to returns and principal repayment. | Money market is generally much safer with a minimum risk of default. | | | | | | | | | | | | |
| | <p style="text-align: center;">OR</p> <p>(b) State how the following factors affect the requirements of fixed capital of a company : (i) Choice of technique (ii) Growth prospects (iii) Financing alternatives</p> <p>Ans. <u>Factors affecting the requirements of fixed capital of a company :</u></p> <p>(i) Choice of technique: A capital-intensive organization requires higher investment in plant and machinery whereas a labour-intensive organization requires less investment in fixed assets.</p> <p>(ii) Growth prospects: Higher growth of an organization generally requires higher investment in fixed assets, consequently larger fixed capital.</p> <p>(iii) Financing alternatives: Availability of leasing facilities as compared to purchase of assets, reduces the funds required to be invested in fixed assets, thereby reducing the fixed capital requirements.</p> | <p>1 x3 = 3 Marks</p> | | | | | | | | | | | | |
| 25. | <p>Q. (a) Explain the following features of the principles of management : (i) Flexible (ii) Mainly behavioural</p> <p>Ans. Features of the Principles of Management:</p> | | | | | | | | | | | | | |

| | | |
|-----|--|--|
| | <p>(i) Flexible:</p> <ul style="list-style-type: none"> The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands. <p>(ii) Mainly behavioural:</p> <ul style="list-style-type: none"> Management principles aim at influencing behaviour of human beings. These principles enable a better understanding of the relationship between human and material resources in accomplishing organisational purposes. <p style="text-align: center;">OR</p> <p>(b) Explain the following techniques of Scientific Management :</p> <p>(i) Standardisation and Simplification</p> <p>(ii) Fatigue Study</p> <p>Ans. Techniques of Scientific Management :</p> <p>(i) Standardisation and Simplification:</p> <ul style="list-style-type: none"> Standardization 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 the products which will result in savings of cost of labour, machines and tools. <p>(ii) Fatigue Study:</p> <ul style="list-style-type: none"> Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task. The rest intervals will help the person to regain stamina and work again with the same capacity | <p style="text-align: center;">2 x 2</p> <p style="text-align: center;">=4 Marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">2 x 2</p> <p style="text-align: center;">=4 Marks</p> |
| 26. | <p>Q. State any four points of the importance of consumer protection from a business perspective.</p> <p>Ans. <u>Importance of Consumer Protection from business perspective:(Any FOUR)</u></p> <p>(i) Fulfilling social responsibility is in long term interest of business as satisfied customers not only lead to repeat sales but also provide good feedback to prospective customers and thus, help in increasing the customer-base of business.</p> <p>(ii) Business organisations use society's resources, thus, have a responsibility to supply such products and render such services which are in public interest, would not impair public confidence in them and take care of customers' needs and interests.</p> | |

| | | |
|-----|--|--|
| | <p>(iii) A business has social responsibility towards consumers as business organisations make money by selling goods and providing services to consumers, and their interest needs to be taken care of.</p> <p>(iv) It is the moral duty of any business to take care of consumer's interest and avoid unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding, black marketing, etc.</p> <p>(v) In order to avoid government intervention, a business should voluntarily fulfil social responsibility, otherwise it can impair and tarnish the image of the company.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> | <p>1x4</p> <p>=4 Marks</p> |
| 27. | <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> | <p>½</p> <p>+</p> <p>½</p> <p>=1 Mark</p> <p>½</p> <p>1</p> <p>½</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>1</p> <p>1+3 =4 Marks</p> |
| 28. | <p>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 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> |
| 29. | <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</p> | |

| | | |
|------------|---|--|
| | <p>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>(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>1x2=2</p> <p>+</p> <p>1x2=2</p> <p>=4 Marks</p> |
| 30. | <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> <p>(iv) Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual.</p> | <p>1 x 4 =4 Marks</p> |
| 31. | <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. 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. | <p>$\frac{1}{2}$</p> <p>1</p> <p>$\frac{1}{2}$</p> |

| | | |
|-----|---|--|
| | <ul style="list-style-type: none"> • 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>1</p> <p>½ Mark for identifying and 1 Mark for explanation</p> <p>1 ½ x2 =3 Marks</p> <p>3+3 =6 Marks</p> |
| 32. | <p>Q.(a) Explain the following points of importance of planning :</p> <p>(i) Planning provides directions</p> <p>(ii) Planning reduces the risk of uncertainty</p> <p>(iii) Planning reduces overlapping and wasteful activities</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. • Planning 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 the risk of uncertainty:</p> <ul style="list-style-type: none"> • By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. • Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed. <p>(iii) 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 minimised or eliminated. | <p>2 x 3 = 6 Marks</p> |

| | | |
|-----|--|---|
| | <p style="text-align: center;">OR</p> <p>(b) Explain the following steps in the organising process :</p> <p>(i) Departmentalisation</p> <p>(ii) Assignment of duties</p> <p>(iii) Establishing authority and reporting relationships</p> <p>Ans. <u>Steps in the Organising Process:</u></p> <p>(i) Departmentalisation:</p> <ul style="list-style-type: none"> • The process of grouping together, activities which are similar in nature is called departmentalisation. It facilitates specialisation. • Departments can be created on the basis of products, territories, etc. <p>(ii) Assignment of duties:</p> <ul style="list-style-type: none"> • Each of the departments is placed under the charge of an individual. • Jobs are allocated to the members of each department in accordance to their skills and competencies. <p>(iii) Establishing authority and reporting relationships:</p> <ul style="list-style-type: none"> • Each individual should know who he has to take orders from and to whom he is accountable. • The establishment of such clear relationships helps to create a hierarchal structure and helps in coordination amongst various departments. | <p style="text-align: center;">OR</p> <p style="text-align: center;">2 x3</p> <p style="text-align: center;">= 6 Marks</p> |
| 33. | <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:</p> <p>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>(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>½ mark for identifying and 1 mark for explanation</p> <p>1 ½ x 4 = 6 Marks</p> |
| 34. | <p>Q.(a) Explain the following steps in the process of staffing :</p> <p>(i) Estimating manpower requirements</p> <p>(ii) Placement and orientation</p> <p>(iii) Performance appraisal</p> <p>Ans. <u>Steps in the process of staffing:</u></p> <p>(i) Estimating manpower requirements:</p> <ul style="list-style-type: none"> • Estimating manpower requirements involves knowing how many persons are needed and also of what type. • Understanding the manpower requirements would necessitate workload analysis and workforce analysis, which reveal whether we are understaffed, overstaffed or optimally staffed. <p>(ii) Placement and orientation:</p> <ul style="list-style-type: none"> • Placement refers to the employee occupying the position or post for which the person has been selected. • Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. <p>(iii) Performance appraisal :</p> <ul style="list-style-type: none"> • Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. • The employee is expected to know what the standards are and the superior is to provide the employee feedback on his/her performance. <p style="text-align: center;">OR</p> <p>(b) Explain the following external sources of recruitment :</p> <p>(i) Campus Recruitment</p> <p>(ii) Recommendation of employees</p> <p>(iii) Employment Exchange</p> <p>Ans. <u>External sources of recruitment :</u></p> | <p>2 x 3 = 6 Marks</p> <p style="text-align: center;">OR</p> |

| | | |
|--|---|--|
| | <p>(i) Campus Recruitment:</p> <ul style="list-style-type: none"> Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs. It is suitable for technical, professional and managerial jobs. <p>(ii) Recommendation of employees:</p> <ul style="list-style-type: none"> Applicants are introduced by present employees, or their friends and relatives. They are likely to be good employees because their background is sufficiently known. <p>(iii) Employment Exchange:</p> <ul style="list-style-type: none"> Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled and skilled operative jobs. In some cases, compulsory notification of vacancies to employment exchange is required by law. | <p>2 x3</p> <p>= 6 Marks</p> |
|--|---|--|