

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior School Certificate Examination
March -----2018-19
Marking Scheme---Business Studies 66/2/1, 66/2/2, 66/2/3

General Instructions:

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. Small mistakes 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. Evaluation is a 10-12 days mission for all of us. Hence, it is desired from you too give your best in this process.

2. 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 innovative may be assessed and marks be awarded to them.

3. The head examiner has to go through the first five answer scripts evaluated by each evaluator to ensure that evaluation has been carried out as per instructions given in the marking scheme. The remaining answer scripts meant for evaluation shall be given only after ensuring that there is no significant variation in the marking and encircled.

4. If a question has parts, please award marks on the right hand side for each part. Marks awarded for different parts of the question should then be totalled up and encircled in the left hand margin.

5. If a question does not have any parts marks must be awarded in the left hand margin and encircled.

6. If a student has attempted an extra question, answer of the question deserving more marks should be retained and other answer scored out

7. In a question, if two features/ characteristics/ points are asked but an examinee writes more than two features/ characteristics/ points, say, five, of which first is correct, second is incorrect, the first two should be assessed and the remaining should be ignored.

8. The examiners should acquaint themselves with the instructions given in the Guidelines for Spot Evaluation before starting the actual evaluation.

9. Every examiner should stay full working hours i.e. 8 hours every day and evaluate 25

answer books.

10. It is expected that the marking scheme should be followed objectively to ensure quality evaluation. For instance, if an examinee scores 24 marks, then the marks should not be inflated to 27 simply to pass him/ her.

11. Avoid the following common type of errors committed by the examiners in the pat-

- Leaving answers or parts thereof unassessed in the answer script.
- Giving more marks for an answer than assigned to it or deviation from the marking scheme.
- Wrong transference of marks from the inside pages of the answer books to the title page.
- Wrong question wise totaling on the title page.
- Wrong totaling of marks of the two columns on the title page.
- Wrong grand total.
- Marks in words and figures not tallying.
- Wrong transference of marks from answer books to award list.
- Answer marked as correct but marks not awarded.
- Half or a part of answer marked correct and the rest as wrong but no marks awarded.

12. Marks should be awarded keeping in view the total marks of a particular question and not the total marks of the question paper. For example, if one mark is given to a 3 marks question even if nothing is correct, then that one mark constitutes 33% of the total marks for this answer.

13. The examiner shall also have to certify in the answer book that they have evaluated the answer book strictly in accordance with the value points given in the marking scheme and correct set of question papers.

14. While evaluating the answer scripts, if the answer is found to be totally incorrect, it should be marked as (x) and awarded zero (0) marks.

15. A full scale of marks 0-80 has to be used. Please do not hesitate to award full marks if the answer deserves it. Similarly, wherever an examinee writes an answer upto the mark, his/ her marks should not be deducted unnecessarily.

16. As per the orders of Hon'ble Supreme Court, the candidates would now be permitted to obtain photocopy of the Answer Book on request on payment of the prescribed fee. All examiners/ Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

66	66	66	MARKING SCHEME – 2018-19 BUSINESS STUDIES 66/2/3 EXPECTED ANSWERS / VALUE POINTS	DISTRIBUTION
/2	/2	/2		OF
/1	/2	/3		MARKS
			SECTION A	
		1	<p>Q Differentiate between ‘Authority’ and ‘Responsibility’ on the basis of ‘origin’.</p> <p>Ans. Authority arises from formal position while responsibility arises from delegated authority.</p> <p style="text-align: center;">OR</p> <p>Q. Distinguish between ‘Responsibility’ and ‘Accountability’ on the basis of ‘delegation’.</p> <p>Ans. Responsibility cannot be entirely delegated while accountability cannot be delegated at all.</p>	<p>1 mark</p> <p>OR</p> <p>1 mark</p>
		2	<p>Q “Purchase goods worth Rs.10,000 and get a discount voucher of 5,000.” Identify the sales promotion activity.</p> <p>Ans. Usable benefit</p>	1 mark
		3	<p>Q. Das is the Managing Director of ‘Gamut Ltd.’, manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat- the Production manager, Vinay – the Marketing manager and Adit – the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and</p>	

		<p>motivate them to achieve the desired objectives.</p> <p>State one more function other than those mentioned above, that this team may perform at the level they are working.</p> <p>Ans. The team is working at middle level and the function the team may perform other than those mentioned is- Co-operate with other departments for smooth functioning of the organisation.</p> <p>(Note:- If an examinee has mentioned only the function full credit is to be given)</p>	1 mark
	4	<p>Q. What is meant by ‘Rule’?</p> <p>Ans. A Rule is a specific statement that informs what is to be done and not to be done. They do not allow for any flexibility or discretion.</p> <p style="text-align: center;">(or any other correct meaning)</p> <p style="text-align: center;">OR</p> <p>Q. Define ‘Organising’.</p> <p>Ans. Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).</p> <p style="text-align: center;">or</p> <p>Organising is the process of identifying and grouping the work to be performed, assigning duties to job positions and establishing relationships for the purpose of accomplishing objectives.</p> <p style="text-align: center;">(or any other correct definition)</p>	<p>1 mark</p> <p style="text-align: center;">OR</p> <p>1 mark</p>
	5	<p>Q. State any two characteristics of ‘Directing’.</p> <p>Ans. Features of directing function of management: (Any two)</p>	

		<p>(i) While other functions prepare a setting for action, directing <u>initiates action</u> by people in the organisation towards attainment of desired objectives.</p> <p>(ii) Directing <u>takes place at every level</u> of management. Every manager from top executive to the supervisor performs the directing function.</p> <p>(iii) Directing is a <u>continuous process</u> as it takes place throughout the life of the organisation irrespective of the people occupying managerial positions.</p> <p>(iv) Directing <u>flows from top to bottom</u> through the organisation hierarchy. Every manager can direct his immediate subordinates and take instructions from his immediate boss.</p> <p style="text-align: center;">OR</p> <p>Q. Give the meaning of ‘Management by Exception’.</p> <p>Ans. Management by Exception is a technique of managerial control which involves identifying only significant deviations which go beyond the permissible limit and bringing them to the notice of the management.</p> <p style="text-align: center;">(or any other correct meaning)</p>	<p style="text-align: right;">$\frac{1}{2} \times 2$ = 1 mark</p> <p style="text-align: right;">OR</p> <p style="text-align: right;">1 mark</p>
5	6	<p>6 Q. Kamal is working as a gang boss in the assembly unit of ‘Sokia Ltd.’, a laptop manufacturing company he supervises the work of ten trained workers who perform the various activities related to the assembly of the laptops. One day when he was supervising the work of his workers, he told Ashok, a worker that his work could be improved. Ashok interpreted the comments of Kamal as that his work was not good.</p> <p>Identify the type of barrier to effective communication in this case.</p> <p>Ans. Semantic barrier/ Unclarified assumptions</p>	1 mark
6	7	<p>7 Q. This market helps to save time, effort and money</p>	

			<p>that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other.</p> <p>Name the market and identify the function being referred to.</p> <p>Ans. Financial market.</p> <p><u>Function being referred to is-</u></p> <p>Reduces the cost of transactions.</p>	<p>$\frac{1}{2}$ mark</p> <p>+</p> <p>$\frac{1}{2}$ mark</p> <p>=</p> <p>1 mark</p>
7	5	8	<p>Q. Kumar wanted to purchase a fuel efficient car having the latest standards regarding minimisation of pollution. He saw an advertisement offering such a car and visited the showroom of the company wherein the car was displayed. In his discussion, the Marketing manager told him that the company is providing credit facilities, maintenance services and many other effective services which are helping in bringing repeat sales and developing brand loyalty.</p> <p>Identify the marketing function which the Marketing manager was discussing with Kumar.</p> <p>Ans. Customer Support Services</p>	<p>1 mark</p>
			SECTION B	
12	10	9	<p>Q. One of the functions of Securities and Exchange Board of India is ‘Promotion of fair practices and code of conduct in securities market’. State the category to which this function belongs and state any two other functions of this category.</p> <p>Ans. <u>Protective Function.</u></p> <p><u>Other functions of this category are: (Any two)</u></p> <p>(a) <u>It prohibits fraudulent and unfair trade practices like</u></p>	<p>1 mark</p> <p>+</p>

			<p>misleading statements, manipulations, price rigging etc.</p> <p>(b) It <u>controls insider trading</u> and imposes penalties for such practices.</p> <p>(c) It <u>undertakes steps for investor protection</u>.</p>	<p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>1+2</p> <p>=3 marks</p>
9	12	10	<p>Q. Explain any three points of importance of planning function of management.</p> <p>Ans. <u>Importance of planning:</u> (Any three)</p> <p>(i) Provides directions.</p> <p>(ii) Reduces the risk of uncertainty.</p> <p>(iii) Facilitates decision making.</p> <p>(iv) Reduces overlapping and wasteful activities.</p> <p>(v) Promotes innovative ideas.</p> <p>(vi) Establishes standards for controlling.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. Explain any three limitations of planning function of management.</p> <p>Ans. <u>Limitations of planning:</u> (Any three)</p> <p>(i) Leads to rigidity</p> <p>(ii) May not work in a dynamic environment.</p> <p>(iii) Reduces creativity.</p> <p>(iv) Involves huge costs.</p> <p>(v) Time consuming.</p>	<p>½ mark for heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>OR</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>1 x 3</p>

			(vi) Does not guarantee success. (If an examinee has not given the headings as above but has given the correct explanation, full credit be given)	= 3 marks												
10	11	11	<p>Q. Distinguish between Formal and Informal organisation on the basis of the following:</p> <p>(a) Origin;</p> <p>(b) Authority; and</p> <p>(c) Leadership</p> <p>Ans.</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Formal Organisation</th> <th>Informal Organisation</th> </tr> </thead> <tbody> <tr> <td>(a) Origin</td> <td>It arises as a result of company rules and policies.</td> <td>It arises as a result of social interaction among the employees.</td> </tr> <tr> <td>(b) Authority</td> <td>Authority arises on the basis of position of management.</td> <td>Authority arises on the basis of personal qualities.</td> </tr> <tr> <td>(c) Leadership</td> <td>Managers are leaders.</td> <td>Leaders may or may not be managers. They are chosen by the group.</td> </tr> </tbody> </table> <p style="text-align: center;">OR</p> <p>Q. Distinguish between Functional and Divisional structure on the basis of the following points:</p> <p>(a) Coordination;</p> <p>(b) Managerial Development; and</p>	Basis	Formal Organisation	Informal Organisation	(a) Origin	It arises as a result of company rules and policies.	It arises as a result of social interaction among the employees.	(b) Authority	Authority arises on the basis of position of management.	Authority arises on the basis of personal qualities.	(c) Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.	<p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>OR</p>
Basis	Formal Organisation	Informal Organisation														
(a) Origin	It arises as a result of company rules and policies.	It arises as a result of social interaction among the employees.														
(b) Authority	Authority arises on the basis of position of management.	Authority arises on the basis of personal qualities.														
(c) Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.														

		<p>(c) Cost</p> <p>Ans.</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Functional Structure</th> <th>Divisional Structure</th> </tr> </thead> <tbody> <tr> <td>(a) Co-ordination</td> <td>Co-ordination is difficult for a multi product company.</td> <td>Co-ordination is easy as all functions related to a particular product are integrated in one department.</td> </tr> <tr> <td>(b) Managerial Development</td> <td>Managerial development is difficult, as each functional manager has to report to the top management.</td> <td>Managerial development is easier because a divisional manager has the autonomy as well as the chance to perform multiple functions.</td> </tr> <tr> <td>(c) Cost</td> <td>It is economical as the functions are not duplicated.</td> <td>It is costly as there is duplication of resources in various departments.</td> </tr> </tbody> </table>	Basis	Functional Structure	Divisional Structure	(a) Co-ordination	Co-ordination is difficult for a multi product company.	Co-ordination is easy as all functions related to a particular product are integrated in one department.	(b) Managerial Development	Managerial development is difficult, as each functional manager has to report to the top management.	Managerial development is easier because a divisional manager has the autonomy as well as the chance to perform multiple functions.	(c) Cost	It is economical as the functions are not duplicated.	It is costly as there is duplication of resources in various departments.	<p>1 x 3 = 3 marks</p>
Basis	Functional Structure	Divisional Structure													
(a) Co-ordination	Co-ordination is difficult for a multi product company.	Co-ordination is easy as all functions related to a particular product are integrated in one department.													
(b) Managerial Development	Managerial development is difficult, as each functional manager has to report to the top management.	Managerial development is easier because a divisional manager has the autonomy as well as the chance to perform multiple functions.													
(c) Cost	It is economical as the functions are not duplicated.	It is costly as there is duplication of resources in various departments.													
-	-	<p>12 Q. Explain ‘Career Advancement Opportunity’ and ‘Job Security’ as non-financial incentives.</p> <p>Ans. <u>Career Advancement Opportunity</u></p> <p>It includes providing opportunity to employees to improve their skills and be promoted to higher level jobs.</p> <p>Appropriate skill development programmes and sound promotion policy will help employees to achieve promotions.</p> <p><u>Job Security</u></p> <p>It includes providing stability to employees about future income and work so that they do not feel worried on these aspects and work with greater zeal.</p> <p>(Any other suitable explanation)</p>	<p>1 ½ marks + 1 ½ marks = 3 marks</p>												

13	13	13	<p>Q. ‘G. Motors’ is the manufacturer of sophisticated cranes. The Production manager of the company, reported to the Chief Executive Officer, Ashish Jain that one of the machines used in manufacturing sophisticated cranes had to be replaced to compete in the market, as other competitors were using automatic machines for manufacturing cranes. After a detailed analysis, it was decided to purchase a new automatic machine having the latest technology. It was also decided to finance this machine through long term sources of finance. Ashish Jain compared various machines and decided to invest in the machine which would yield the maximum returns to its investors.</p> <p>(a) Identify the financial decision taken by Ashish Jain.</p> <p>(b) Explain any three factors affecting the decision identified in (a) above.</p> <p>Ans. Investment decision/ Capital Budgeting/ Long term Investment decision.</p> <p><u>Factors affecting Investment decision/ Capital Budgeting/ Long term Investment decision:(Any three)</u></p> <p>(i) Growth Prospects</p> <p>(ii) Level of collaboration</p> <p>(iii) Cash Flows of the project</p> <p>(iv) Rate of return</p> <p>(v) Investment criteria involved</p>	<p>1 mark</p> <p>+</p> <p>½ mark for naming all the three factors affecting the decision</p> <p>+</p> <p>½ mark each for explanation of the three factors</p> <p>= 1½+1½</p> <p>=3 marks</p>
			SECTION B	

-	-	<p>14 Explain the following dimensions of business environment:</p> <p>(a)Political Environment; and</p> <p>(b)Social Environment</p> <p>Ans.</p> <p><u>Political Environment</u></p> <p>Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.</p> <p>Political stability, thus, builds up confidence among business people to invest in the long term projects for the growth of the economy.</p> <p><u>Social Environment</u></p> <p>Social Environment includes social forces like customs and traditions, values, social trends and society's expectations from business.</p> <p>These forces present various opportunities and threats to business enterprises.</p> <p>(or any other suitable explanation)</p> <p>Q. Explain the following economic reforms which had an impact on Indian Business and Industry:</p> <p>(a) Liberalisation; and</p> <p>(b) Globalisation</p> <p>Ans. <u>Liberalisation</u></p> <ul style="list-style-type: none"> • It includes reforms that were aimed at liberalizing the Indian business and industry from unnecessary controls and restrictions. • It signaled the end of the license-permit-quota raj. <p><u>Globalisation</u></p>	<p>2 marks</p> <p>+</p> <p>2 marks</p> <p>=2+2</p> <p>= 4 marks</p> <p>2 marks</p> <p>+</p>
---	---	---	---

		<ul style="list-style-type: none"> • It means the integration of the various economies of the world leading towards the emergence of a cohesive global economy. • It involves an increased level of interaction and interdependence among the various nations of the global economy. <p style="text-align: center;">(Any other suitable explanation)</p>	<p>2 marks</p> <p>=2+2</p> <p>= 4 marks</p>
16	17	<p>15 Q. ‘Foods India Ltd.’ is a company engaged in the production of packaged juice since 2010. Over this period, a large number of competitors have entered the market and are putting a tough challenge to ‘Foods India Ltd.’. To face this challenge and to increase its market share, the company has decided to replace the old machinery with an estimated cost of Rs.100 crores. To raise the finance, the company decided to issue 9% debentures. The Finance department of the company has estimated that the cost of issuing the 9% debentures will be Rs10,00,000. The company wants to meet its floatation cost.</p> <p>(a) Explain the instrument that the company may issue for this purpose.</p> <p>(b) In which type of financial market, is the instrument explained in (a) above traded? Also explain how safe the instruments are in this market.</p> <p>Ans. (a) <u>Commercial Paper</u></p> <ul style="list-style-type: none"> ▪ It is an instrument issued by large and creditworthy companies to raise short term funds at lower rates of interest than the market rates. ▪ It is an unsecured, negotiable promissory note with a fixed maturity period. <p>(b) Commercial paper are traded in <u>Money market</u>.</p> <p><u>Money market instruments are safe:</u></p>	<p>1 mark for naming the instrument</p> <p style="text-align: center;">+</p> <p>1 mark for its explanation</p> <p style="text-align: center;">+</p> <p>1 mark for naming the market</p> <p style="text-align: center;">+</p> <p>½ x 2 for giving reasons</p>

		<p>(i) Financial soundness of the issuers which primarily are Government, banks and highly rated companies.</p> <p>(ii) Short duration of investing</p>	<p>= 1 mark = 1+1+1+1 = 4 marks</p>
16		<p>Q. Define a ‘ Consumer’ according to the provisions of the Consumer Protection Act, 1986.</p> <p>Ans. Under the Consumer Protection Act, a consumer is defined as:</p> <p>(a) Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.</p> <p>(b) Any person who hires or avails of any service, for a consideration which has been paid or promised, or partly paid and partly promised, or under any system of deferred payment. It includes any beneficiary of services when such services are availed of with the approval of the person concerned, but does not include a person who avails of such services for any commercial purpose.</p> <p style="text-align: center;">OR</p> <p>Q. State any eight reliefs available to the consumer, if the court is satisfied about the genuineness of the complaint.</p> <p>Ans. <u>If the Consumer Court is satisfied with the genuineness of the complaint, it can issue one or more of the following directions to the aggrieved party as reliefs:</u> (Any eight)</p> <p>(i) To <u>remove</u> the defect in goods or the deficiency in service.</p> <p>(ii) To <u>replace</u> the defective product with a new one, free</p>	<p>2marks</p> <p>+</p> <p>2 marks</p> <p>= 4 marks</p> <p>OR</p>

		<p>from any defect.</p> <p>(iii) To <u>refund the price</u> paid for the product, or the charges paid for the service.</p> <p>(iv) To pay a <u>reasonable amount of compensation</u> for any loss or injury suffered by the consumer due to negligence of the opposite party.</p> <p>(v) To pay <u>punitive damages</u> in appropriate circumstances.</p> <p>(vi) To <u>discontinue the unfair/ restrictive trade practice</u> and not to repeat the same in future.</p> <p>(vii) <u>Not to offer hazardous goods for sale.</u></p> <p>(viii) To <u>withdraw hazardous goods from sale.</u></p> <p>(ix) To <u>cease manufacture of hazardous goods</u> and to desist from offering hazardous services.</p> <p>(x) To <u>pay any amount</u> (not less than 5% of the value of the defective goods or deficient services provided), to be credited to the <u>Consumer Welfare Fund</u> or any other organisation/person, to be utilised in the prescribed manner.</p> <p>(xi) To issue corrective advertisement to neutralize the effect of a misleading advertisement.</p> <p>(xii) To <u>pay adequate costs</u> to the appropriate party.</p>	<p>½ mark for each relief</p> <p>= ½ x 8</p> <p>=</p> <p>4 marks</p>	
15	16	17	<p>Q. Kunal joined as a shop level manager in the Production department of a textile company in the year 2005. Because of his good work, he became the Deputy Production Manager of the company in the year 2010. He had status and prestige and was well respected by all in the company . On 1st March, 2019, he was promoted as the General Manager of the company. Kunal was very happy on his promotion as now he had become what he was capable of becoming. As a good manager, Kunal decided to motivate his subordinates, after understanding the Need Hierarchy</p>	

		<p>theory which is based on various assumptions. He realised that people’s behaviour is based on their needs and the manager can influence the behaviour of his employees by satisfying their needs.</p> <p>(a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory.</p> <p>(b) State the needs of Kunal which are being satisfied through promotion.</p> <p>Ans. (a) <u>The following are the assumptions of Maslow’s Need Hierarchy theory other than the one discussed above:</u></p> <p>(i) <u>People’s needs are in hierarchical order</u>, starting from basic needs to other higher level needs.</p> <p>(ii) <u>A satisfied need can no longer motivate a person;</u> only next higher level need can motivate him.</p> <p>(iii) <u>A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</u></p> <p><u>(b) Needs of Kunal which are being satisfied through promotion are:</u></p> <p>(i) <u>Esteem Needs</u> which refer to the need for self respect, autonomy status, recognition and attention.</p> <p>(ii) <u>Self actualisation needs</u> which refer to the drive to become what one is capable of becoming. These needs include growth, self- fulfillment and achievement of goals.</p>	<p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>+</p> <p>½ x 2</p> <p>=</p> <p>1 mark</p> <p>= 3+1</p> <p>= 4 marks</p>
19	18	18	<p>Q. ‘Smart Stationery Ltd.’ wants to raise funds of Rs. 40,00,000 for its new project. The management is considering the following mix of debt and equity to raise this amount:</p>

Capital Structure	Alternative		
	I (Rs.)	II (Rs.)	III (Rs.)
Equity	40,00,000	30,00,000	10,00,000
Debt	0	10,00,000	30,00,000

Other details are as follows:

Interest Rate on Debt 9%

Face Value of Equity Shares Rs. 100 each

Tax Rate 30%

Earning Before Interest and Tax (EBIT) Rs. 8,00,000

(a) Under which of the three alternatives will the company be able to take advantage of Trading on Equity?

(b) Does Earning Per Share always rise with increase in debt?

Ans.(a)

	Alternative I(Rs.)	Alternative II(Rs.)	Alternative III(Rs.)
Equity	40,00,000	30,00,000	10,00,000
9% Debt	-	10,00,000	30,00,000
Capital Employed	40,00,000	40,00,000	40,00,000
Earning before Interest and Tax	8,00,000	8,00,000	8,00,000
Less Interest @ 9%	-	(90,000)	(2,70,000)
Earning before Tax	8,00,000	7,10,000	5,30,000
Less Tax @30%	(2,40,000)	(2,13,000)	(1,59,000)
Earnings After Tax /Profit	5,60,000	4,97,000	3,71,000

1 mark for each alternative

=

1 x 3

=

3 marks

			Available to Shareholders				+	
			Earning Per Share	5,60,000/ 40,000 =Rs. 14	4,97,000/ 30,000 =Rs. 16.57	3,71,000/ 10,000 =Rs. 37.1		
			Thus, under Alternative III, the company will be able to take advantage of Trading on Equity.					
			(Note:-Calculation for Earning Per Share may be shown in any way)					
			<u>(b) No, Earning Per Share does not always rise with increase in debt.</u>					1 mark
								=
								3+1
								=
								4 marks
19	18	19	Q. Explain any four factors which affect the fixation of price of a product.					
			Ans. <u>Factors affecting fixation of Price: (Any four)</u>					½ mark for heading
			(i) Product Cost.					+
			(ii) The Utility and Demand.					½ mark for its explanation
			(iii) Extent of competition in the market.					
			(iv) Government and Legal Regulations.					
			(v) Marketing methods used.					1 x 4
			(vi) Pricing objectives.					=
			(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)					4 marks
			SECTION D					

	<p>20 Q. Explain any five points of importance of principles of management.</p> <p>Ans. <u>Importance of principles of management</u> (any five):</p> <p>(i) Providing managers with useful insights into reality.</p> <p>(ii) Optimum utilization of resources and effective administration.</p> <p>(iii) Scientific decisions.</p> <p>(iv) Meeting changing environment requirements.</p> <p>(v) Fulfilling social responsibility.</p> <p>(vi) Used as a basis for management training, education and research.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p> <p style="text-align: center;">OR</p> <p>Q. Explain management as a profession.</p> <p>Ans. <u>Management as a profession</u></p> <p>(i) <u>Well defined body of knowledge</u>: All professions are based on a well defined body of knowledge that can be acquired through instruction. In management also, there is a systematic body of knowledge comprising well- defined principles based on a variety of business situations that is taught at different institutions. This feature of profession is present in management.</p> <p>(ii) <u>Restricted entry</u> The entry to profession is restricted through a prescribed qualification. But there is no restriction on anyone being appointed as a manager in any business enterprise. So, presently this feature of profession is not present in management.</p> <p>(iii) <u>Professional association.</u></p>	<p>$\frac{1}{2}$ mark for heading + $\frac{1}{2}$ mark for explanation = 1x5 = 5 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">1 x 5 = 5 marks</p>
--	---	---

		<p>Legal and medical professions are affiliated to a professional association like bar council and medical council which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are several associations of practising managers in India, like the AIMA that has laid down a code of conduct to regulate the activities of their members. There is, however, no compulsion for managers to be members of such an association.</p> <p>So, presently this feature of profession is not present in management.</p> <p>(iv) <u>Ethical code of conduct.</u> Legal and medical professions are bound by a code of conduct which guides the behaviour of its members. AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code.</p> <p>So, presently this feature of profession is not present in management.</p> <p>(v) <u>Service motive.</u> The basic motive of a profession is to serve their client's interests by rendering dedicated and committed service. The basic purpose of management is to help the organisation achieve its stated goals by providing good quality products at reasonable prices. So, presently this feature of profession is not fully present in management.</p>	
21	22	21	<p>Q. Vikas was the Chief Operating Officer of 'Yalet Ltd.', a company providing advanced software solutions to Indian Defence Services. They had been carrying on business successfully for the last twelve years and earning enough profits. But from the last one year, they realised that though the business is getting big orders which are being fulfilled in time, even then the revenues kept on decreasing. Vikas was not able to find out where the problem was. He started keeping a close check on the progress of activities as he could sense that something was wrong. He wanted to take some action before any major damage could be</p>

		<p>done to the business. Vikas appointed a cyber security expert who monitored the company's processes and found out that the computer operator was deleting the entries from the computers and pocketing the revenues. He was caught and handed over to the police. This created an atmosphere of order and discipline in the organisation and helped in minimising dishonest behaviour on the part of the employees.</p> <p>(a) Identify the function of management highlighted in the above paragraph.</p> <p>(b) Explain any four other ways in which this function of management may help the organisation.</p> <p>Ans. (a) Controlling.</p> <p>(b) <u>Other ways in which this function may help the organization</u> : (Any four)</p> <p>(i) Accomplishing organisational goals.</p> <p>(ii) Making efficient use of resources.</p> <p>(iii) Improving employee motivation.</p> <p>(iv) Judging accuracy of standards.</p> <p>(v) Facilitating co-ordination in action.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</p>	<p>1 mark +</p> <p>½ mark for heading + ½ mark for its explanation = 1 x 4 = 4 marks = 1+4 = 5 marks</p>	
22	21	22	<p>Q. 'Pushpanjali Ltd.', is manufacturing chocolates, biscuits, cakes and other similar products. The company is not generating enough profits. Saurabh, the Marketing manager of the company got a survey conducted to find out the reasons. The finding of the survey revealed that in spite of better quality, the customers were not able to distinguish the products of</p>	

	<p>the company from its competitors. Though the customers wanted to buy the products of ‘Pushpanjali Ltd.’ again and again because of its goods quality, but they were not able to identify its products in the market. Because of this, the sales of the company could not pick up resulting in inadequate profits. Saurabh, the Marketing manager now realised that ‘Pushpanjali Ltd.’ had forgotten to take one of the most important decisions related to the product.</p> <p>What decision should ‘Pushpanajali Ltd.’ take so that its customers are able to identify its products in the market? Explain the benefits that may result to ‘Pushpanjali Ltd.’ and its customers if the above decision is taken.</p> <p>Ans. The decision which ‘Pushpanajali Ltd.’ should take so that its customers are able to identify its products in the market <u>is Branding</u>.</p> <p><u>Benefits that may result to Pushpanjali Ltd.:</u> (Any two)</p> <p>(i) Enables marking product differentiation. (ii) Helps in advertising and display programmes. (iii) Differential pricing. (iv) Ease in introduction of new product.</p> <p><u>Benefits that may result to the customers:</u> (Any two)</p> <p>(i) Helps in product identification. (ii) Ensures quality.</p>	<p>1 mark</p> <p>+</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for its explanation</p> <p>1 x 2</p> <p>=2 marks</p> <p>+</p> <p>½ mark for heading</p> <p>+</p> <p>½ mark for its</p>
--	--	---

		<p>(iii) Status symbol.</p> <p>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</p>	<p>explanation</p> <p>1 x 2</p> <p>=2 marks</p> <p>1+2+2</p> <p>=5 marks</p>
		SECTION E	
	23	<p>Q. Explain the following Principles of general management:</p> <p>(a) Scalar Chain (b)Equity; and (c)Initiative</p> <p>Ans. (a)Scalar Chain</p> <ul style="list-style-type: none"> ▪ Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. ▪ The formal lines of authority from highest to lowest ranks are known as Scalar chain. <p>Equity</p> <ul style="list-style-type: none"> ▪ Fayol advocated that there should be no discrimination against anyone on account of gender, religion, language, caste, belief, nationality etc. ▪ This principle emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. <p>Initiative</p> <ul style="list-style-type: none"> ▪ Principle of initiative indicates that the subordinates should be encouraged to make and execute plans within the prescribed limits of authority. ▪ A good company should have an employee 	<p>2 marks</p> <p style="text-align: center;">+</p> <p>2 marks</p> <p style="text-align: center;">+</p> <p>2 marks</p>

		<p>suggestion system whereby suggestions which result in substantial reduction in cost or time should be rewarded.</p> <p style="text-align: center;">(or any other suitable explanation)</p> <p style="text-align: center;">OR</p> <p>Q. Explain any three principles of scientific management.(any three)</p> <p>Ans. Principles of scientific management: (Any three)</p> <p>(i) Science, not rule of thumb (ii) Harmony, not discord (iii) Cooperation, not individualism (iv) Development of each and every person to his or her greatest efficiency and prosperity.</p>	<p style="text-align: right;">=2+2+2</p> <p style="text-align: right;">= 6 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: right;">½ mark for heading</p> <p style="text-align: center;">+</p> <p style="text-align: right;">1½ mark for explanation</p> <p style="text-align: right;">= 2 x 3</p> <p style="text-align: right;">= 6 marks</p>	
24	25	24	<p>Q. ‘E-Solutions Ltd.’ started its operations in the year 2000. At the time of its inception, the company had only ten employees with two departments, a Production department and an Administration department. The products supplied and the services provided by the company started gaining popularity over the years. The management had faith in the abilities of the employees and thus they allowed them freedom of action. The management recognised that the decision-makers at different levels of the organisation need to be given more autonomy. They took a policy decision that there will be less control of superiors over subordinates. This increased the role of the subordinates in the organisation and now they were in a position to take numerous as well as important decisions. As a result, its business has diversified into many areas. Presently, it has operations throughout the country with seven branches overseas. Its organisational structure has now changed into divisional structure and ten</p>	

		<p>thousand people are working with the company.</p> <p>(a) Identify the concept of management which helped the company to diversify into many areas and branches abroad.</p> <p>(b) Explain five points of importance of the concept identified in (a) above.</p> <p>Ans. Decentralisation.</p> <p><u>Importance of Decentralisation: (Any five)</u></p> <p>(a) Develops initiative amongst subordinates.</p> <p>(b) Develops managerial talent for the future.</p> <p>(c) Helps in quick decision making.</p> <p>(d) Gives relief to the top management.</p> <p>(e) Facilitates growth.</p> <p>(f) Leads to better control.</p> <p>(If an examinee has given only the headings , ½ mark for each heading should be awarded)</p>	<p>1 mark</p> <p>+</p> <p>½ mark</p> <p>for</p> <p>heading</p> <p>+</p> <p>½ mark for</p> <p>its</p> <p>explanation</p> <p>1 x 5</p> <p>=5 marks</p> <p>=1+5</p> <p>=6 marks</p>
25	24	25	<p>Q. ‘Entertainment India Ltd.’ has been incorporated with the objective of entertaining people by organising festivals, programmes and other similar events depicting the rich cultural heritage of the country. The company management has renowned personalities from the field of art, literature and culture. They decided to give a platform to young budding musicians, poets and artists. The company decided its organisations structure by grouping similar jobs together. Thereafter, the heads of different</p>

		<p>departments were also appointed. Nisha, one of the heads, did an analysis of the number, type and qualification necessary for people to be appointed. The information generated in the process of writing the job description and the candidate profile was used to develop ‘Situations vacant’ advertisement. This was published in print media and flashed in electronic media. This brought in a flood of response.</p> <p>Explain the other steps which Nisha has to perform to complete the process being discussed above.</p> <p>Ans. Other steps which Nisha has to perform to complete the process being discussed above are:</p> <ul style="list-style-type: none"> (i) Selection. (ii) Placement and Orientation. (iii) Training and Development. (iv) Performance Appraisal. (v) Promotion and career planning. (vi) Compensation. 	<p>½ mark for heading + ½ mark for its explanation 1 x 6 =6 marks</p>
--	--	---	--