

Strictly Confidential: (For Internal and Restricted Use Only)
Senior Secondary School Certificate Examination
March --2025
Marking Scheme---Business Studies (054)
Paper code- 66/4/2

General Instructions:

1	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.
2	“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 News Paper/Website etc may invite action under various rules of the Board and IPC.”
3	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.
4	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.
5	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.
6	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.
7	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 totaled up and written in the left-hand margin and encircled. This may be followed strictly.
8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra

	Question”.
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 0- 80 as given in Question Paper has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	Ensure that you do not make the following common types of errors committed by the Examiner in the past:- • Leaving answer or part thereof unassessed in an answer book. • Giving more marks for an answer than assigned to it. • Wrong totalling of marks awarded on an answer. • Wrong transfer of marks from the inside pages of the answer book to the title page. • Wrong question wise totalling on the title page. • Wrong totalling of marks of the two columns on the title page. • Wrong grand total. • Marks in words and figures not tallying/not same. • Wrong transfer of marks from the answer book to online award list. • 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	Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.
18	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

66 /4/ 2	MARKING SCHEME-2025 BUSINESS STUDIES (054) - 66/4/2 EXPECTED ANSWERS/ VALUE POINTS	MARKS
1	Q. The leadership style in which followers are given a high degree of independence to formulate their own objectives and ways to achieve them, is known as: (A) Autocratic leadership style (B) Democratic leadership style (C) Free-rein leadership style (D) None of the above Ans. (C) Free-rein leadership style	1 Mark
2	Q. ‘KJ Ltd.’ is a tile manufacturing company in Udaipur having its own stores in various cities of Rajasthan. Instead of having its own trucks, the company decides to use trucks on lease to transport its tiles to various stores. Identify how the company's decision to lease trucks will affect its capital requirements. (A) Decrease the fixed capital requirements (B) Increase the fixed capital requirements (C) Will not affect the fixed capital requirements (D) Decrease the working capital requirements Ans. (A) Decrease the fixed capital requirements.	1 Mark
3	Q. ‘Dhruv Ltd’. is in need of two drivers on regular basis to transport the goods to different states. To fill the post of drivers, the company decides to put the information on the <i>Notice Board</i>, placed near the main gate of the company, asking interested persons to meet the manager on a particular date and time. From the following, identify the source of recruitment used by ‘Dhruv Ltd.’ for filling the post of drivers: (A) Campus Recruitment (B) Casual Callers (C) Direct Recruitment (D) Advertisement Ans. (C) Direct Recruitment	1 Mark
4	Q. ‘TA Ltd’ rejected the applications of twelve candidates based on the information supplied by them in their application forms. These candidates did not have the required five years of experience and the Masters in Business Administration (MBA) degree in Finance, both of which were pre-requisites for the post of Finance Manager. From the following, identify the step of ‘Selection Process’	

	discussed in the above case. (A) Preliminary Screening (B) Selection Test (C) Employment Interview (D) Selection Decision Ans. (A) Preliminary Screening	1 Mark
5	Q. Menon, a worker in ‘Superior Toys Company’ was given a task by his superior to produce 100 toys in a week. Menon delegated this task to his subordinates, Rohan and Farhan. Farhan met with an accident and was hospitalised. Rohan could not complete this task even after working more hours than allotted. Who is answerable to Menon's superior for this task? (A) Farhan (B) Menon (C) Both Menon and Rohan (D) Both Rohan and Farhan Ans. (B) Menon	1 Mark
6	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): Authority flows downwards from superior to subordinate. Reason (R) Authority is the right of an individual to command the subordinates and to take action within the scope of his position. Choose the correct alternative from the options given below: (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. Ans. (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 Mark
7	Q. Read the following statements carefully: Statement I: While buying electrical appliances, a consumer should buy only ISI mark products. Statement II: It is the responsibility of a consumer to buy only standardised goods as they provide quality assurance. In the light of the given statements, choose the correct alternative from the following: (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. Ans. (C) Both Statement I and Statement II are true.	1 Mark
8	Q. From the picture given below identify the promotional tool used by the organisation to achieve its communication objectives:  (A) Advertising (B) Personal Selling (C) Sales Promotion (D) Public Relations Ans. (C) Sales Promotion <i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 8.</i> Which of the following functions of marketing gives detailed information to the consumers about the product, ensures safety of product and also serves as a promotional tool? (A) Product designing and development (B) Branding (C) Marketing planning (D) Packaging and labelling Ans. (D) Packaging and labelling	1 Mark
9	Q. Which of the following functions of the Stock Exchange gives investors the chance to disinvest and re-invest in securities? (A) Pricing of securities (B) Safety of transactions (C) Providing liquidity and marketability to existing securities (D) Providing scope for speculation Ans. (C) Providing liquidity and marketability to existing securities	1 Mark

10	Q. The study which refers to the study of movements which are undertaken while doing a typical job, is called: (A) Method study (B) Fatigue study (C) Motion study (D) Time study Ans. (C) Motion study	1 Mark										
11	Q. 'Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries' is of Securities and Exchange Board of India. (A) Regulatory Function (B) Development Function (C) Protective Function (D) Both (B) and (C) Ans. (A) Regulatory Function	1 Mark										
12	Q. Match the following functions of Production In-charges stated in Column-II with their names in Column-1 <table border="1"><thead><tr><th>Column-I</th><th>Column-II</th></tr></thead><tbody><tr><td>1. Speed Boss</td><td>(i) To ensure proper working conditions of machines and tools</td></tr><tr><td>2. Gang Boss</td><td>(ii) To check the quality of work</td></tr><tr><td>3. Repair Boss</td><td>(iii) To keep machines and tools, etc. ready for operation by workers</td></tr><tr><td>4. Inspector</td><td>(iv) To ensure timely and accurate completion of job</td></tr></tbody></table> Choose the correct option from the following: (A) 1-(iii), 2-(iv), 3-(ii), 4-(i) (B) 1-(ii), 2-(i), 3-(iii), 4-(iv) (C) 1-(i), 2-(ii), 3-(iii), 4-(iv) (D) 1-(iv), 2-(iii), 3-(i), 4-(ii) Ans. (D) 1-(iv), 2-(iii), 3-(i), 4-(ii)	Column-I	Column-II	1. Speed Boss	(i) To ensure proper working conditions of machines and tools	2. Gang Boss	(ii) To check the quality of work	3. Repair Boss	(iii) To keep machines and tools, etc. ready for operation by workers	4. Inspector	(iv) To ensure timely and accurate completion of job	1 Mark
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13	Q. 'Homely Space' is a home decor company providing interior design services. The company lacks facilities like frequent meetings, suggestion box, complaint box, social and cultural gatherings, etc. This causes hindrance in achieving the objectives. Identify the type of communication barrier											

	discussed above from the following: (A) Semantic barrier (B) Psychological barrier (C) Organisational barrier (D) Personal barrier Ans. (C) Organisational barrier	1 Mark
14	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): A good control system motivates employees and helps them to give better performance. Reason (R): It ensures that employees know well in advance what they are expected to do and what the standards of performance are, on the basis of which they will be appraised. Choose the correct alternative from the options given below: (A) Assertion (A) is true, but Reason (R) is false. (B) Assertion (A) is false, but Reason (R) is true. (C) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (D) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). Ans. (C) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 Mark
15	Q. Read the following statements carefully: Statement I: A rule reflects a managerial decision that a certain action must or must not be taken. Statement II: A rule allows flexibility or discretion. In the light of the given statements, choose the correct alternative from the following: (A) Both Statement I and Statement II are true. (B) Both Statement I and Statement II are false. (C) Statement I is true and Statement II is false. (D) Statement I is false and Statement II is true. Ans. (C) Statement I is true and Statement II is false.	1 Mark
16	Q. Radhika wants to sell 20,000 shares of ‘Tara Ltd.’ held by her. In which of the following market can she sell these shares? (A) Primary Market (B) Secondary Market (C) Money Market (D) All of the above markets	

	Ans. (B) Secondary Market	1 Mark
17	Q. To promote awareness among consumers, the government is running a campaign 'Jago Grahak Jago'. This campaign is a part of which of the following right? (A) Right to be informed (B) Right to safety (C) Right to consumer education (D) Right to be heard Ans. (C) Right to consumer education	1 Mark
18	Q. Evaluating an employee's current and/or past performance as against certain pre-determined standards, is known as: (A) Selection decision (B) Performance appraisal (C) Compensation (D) Preliminary screening Ans. (B) Performance appraisal	1 Mark
19	Q. A leading newspaper company decided to increase its market share by 10%. After developing the premises, the company identified the following alternative courses of action to be adopted: (i) To have eco-friendly newspapers (ii) To introduce specific sections for children (iii) To have columns for increasing general awareness for competitive exams (iv) To have international news on a daily basis After identifying the above alternatives, a board meeting was called. Identify from the following, the next step in the planning process which is to be taken in the board meeting. (A) Follow-up action (B) Implementing the plan (C) Evaluating alternatives courses (D) Selecting an alternative Ans. (C) Evaluating alternatives courses.	1 Mark
20	Q. 'A poor telephone connection' is an example of which of the	

	following element of communication process? (A) Message (B) Media (C) Decoding (D) Noise Ans. (D) Noise	1 Mark						
21	Q. (a) Explain the following functions of Marketing: (i) Gathering and analysing market information. (ii) Product designing and development. Ans (a) (i) Gathering and analysing market information. - Gathering and analysing market information is necessary to identify the needs of the customers and take various decisions for the successful marketing of the products and services. - This is important for making an analysis of the available opportunities and threats as well as strengths and weaknesses of the organisation and help in deciding what opportunities can best be pursued by it. (ii) Product designing and development. - Product designing and development is an important marketing activity as the design of the product contributes to making the product attractive to the target customers. - A good design can improve performance of a product and give it a competitive advantage in the market. OR (b) Differentiate between ‘Production Concept’ and ‘Product Concept’ of marketing management philosophies on the basis of the following: (i) Starting Point (ii) Main Focus (iii) Means Ans <table border="1"> <thead> <tr> <th>Basis</th><th>Production Concept</th><th>Product Concept</th></tr> </thead> <tbody> <tr> <td>(i) Starting</td><td>It starts after the product</td><td>It starts after the</td></tr> </tbody> </table>	Basis	Production Concept	Product Concept	(i) Starting	It starts after the product	It starts after the	1 ½ Marks + 1 ½ Marks = 3 Marks OR
Basis	Production Concept	Product Concept						
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	<table> <tr> <td>(ii)Point</td><td>is produced in the factory.</td><td>product is produced in the factory.</td></tr> <tr> <td>(iii)Main Focus</td><td>Its focus is on the quantity produced.</td><td>Its focus is on quality, performance and features of product.</td></tr> <tr> <td>Means</td><td>It uses availability and affordability of product as a means to achieve the objective.</td><td>It uses product improvement as a means to achieve the objective.</td></tr> </table>	(ii)Point	is produced in the factory.	product is produced in the factory.	(iii)Main Focus	Its focus is on the quantity produced.	Its focus is on quality, performance and features of product.	Means	It uses availability and affordability of product as a means to achieve the objective.	It uses product improvement as a means to achieve the objective.	1 x 3 = 3 Marks
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Means	It uses availability and affordability of product as a means to achieve the objective.	It uses product improvement as a means to achieve the objective.									
22	Q. Abhinav is working as a production manager in a steel manufacturing plant, 'KPG Ltd.' To compete in the market, he thought of replacing the existing machinery with new high-tech machinery. Abhinav discussed his idea with the Chief Executive Officer who asked him to prepare a proposal for the same and sent it to the finance manager. The finance manager said that this decision had to be evaluated carefully as it involved a huge amount of investment and was irreversible except at a huge cost. Identify the decision which the finance manager would like to evaluate. State any two factors which may affect this decision. Ans Investment Decision/Capital budgeting decision Factors affecting capital budgeting decision are: (any two) 1) <u>Cash flows of the project</u> in the form of series of cash receipts and payments should be carefully analysed before considering this decision. 2) <u>Rate of return</u> of the project i.e., the expected returns from each proposal and the assessment of the risk involved should be taken into consideration. 3) <u>Investment criteria</u> involves a number of calculations regarding the cash flows, rate of return, amount of investment and interest rate which should be evaluated and applied to each proposal. (If an examinee has given only the headings, ½ mark for each	1 mark + 1x2 = 2 marks = 3 Marks									

	heading should be awarded)	
23	Q (a) State any three points of importance of consumer protection from the point of view of business. Ans Importance of consumer protection from the point of view of business (any three) i) It is in the <u>long-term interest of business</u> to satisfy their customers who not only lead to repeat sales but also help in increasing the customer base, thereby increasing customer satisfaction. ii) <u>Business uses society's resources</u>, so it has a responsibility to supply products or services which are in public interest. iii) The business sells goods and services to the customers and thus has <u>social responsibility</u> towards them including other stake stakeholders which has to be taken care of. iv) Moral justification implies the <u>moral duty</u> of a business to take care of customer's interest and avoid their exploitation in any form. v) Business engaged in any form of exploitative trade practiced would invite <u>government intervention</u> and it is advisable that business organisations voluntarily resort to such practices where the customer needs and interest are taken care of. <i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i> OR (b) 'The consumer grievances are redressed by the three-tier machinery under Consumer Protection Act, 2019'. (i) Name the three tiers of the enforcement machinery. (ii) Also state jurisdiction of cases that can be filed in each of these tiers of the enforcement machinery. Ans. (i) Three tiers of the enforcement machinery under Consumer Protection Act, 2019 1) District Commission (District Forum) 2) State Commission	1 x 3 = 3 Marks OR ½ x 3 = 1 ½

	3) National Commission ii) Jurisdiction of cases that can be filed in each of these tiers of the enforcement machinery 1) <u>District Commission</u> (District Forum) – District commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration <u>does not exceed one crore rupees</u>. 2) <u>State Commission</u> – State Commission has a jurisdiction to entertain complaints where value of goods and services paid as consideration <u>exceeds one crore but does not exceed ten crore rupees</u>. 3) <u>National Commission</u> – National Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration <u>exceeds ten crores of rupees</u>.	Marks + $\frac{1}{2} \times 3 = 1\frac{1}{2}$ Marks = 3 Marks
24	Q. Sameer is a wholesaler, who deals in cricket equipment. He collects cricket equipment like bats, balls, helmets, gloves, stumps, etc. from different manufacturers and assembles them in a kit for the convenience of customers. He sets a standard target to assemble 100 kits a day. During the first week of the month the workers assembled 92-96 kits a day, which was lower than the set standard. On investigation, it was found that the variation in assembly of kits was due to an irregular supply of helmets. Workers had to wait for helmets to assemble the kits. (i) State the function of management discussed in the above case. (ii) State the steps of the function identified in (i) above, which are discussed in the above paragraph. Ans (i) Controlling is the process which involves the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans. (If an examinee has only identified the function of management correctly $\frac{1}{2}$ mark should be awarded) (ii) Steps of Controlling 1. The <u>standards of performance</u> are set which serve as the criteria against which actual performance will be measured. 2. <u>Measurement of actual performance</u> in an objective and reliable	1 mark +

	manner in the same units in which the standards are set. 3. <u>Comparison of Actual performance with the standards</u> to reveal the deviations. 4. <u>Analysing deviations</u> through Critical Point Control and Management by Exception to find out the causes of deviation. <i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i>	$\frac{1}{2} \times 4 =$ 2 marks = 3 Marks
25	Q. ‘Amarya Dairy Products’ is a fantastic brand offering great quality dairy products. It is not only famous for the quality of its products, but also for retaining its employees in the organisation till their retirement. It believes in growth of its employees by providing them learning opportunities from time to time. For this the company divided the employees in two groups, Group-I and Group-II. Group-I having employees experience of more than 10 years and Group-II have employees who had joined the organisation just one year before. The learning opportunities provided by the company to Group-II employees would help them in increasing their skills, attitudes and abilities to perform specific jobs, whereas the learning opportunities provided to Group-I employees would help them to grow in all respects. Identify and explain the two concepts of staffing function of management discussed above. Ans The two concepts of staffing function of management discussed are 1) Training for Group - II employees 2) Development for Group – I employees Training • Training refers to a process by which attitudes, skills and abilities of employees to perform specific jobs are increased. • It attempts to improve employees performance on the current job or prepare them for any intended job. Development • Development refers to the learning opportunities designed to help employees grow towards maturity and actualisation of their	$\frac{1}{2} \times 2 =$ 1 Mark + 1 ½ Marks +

	potential capacities. It covers not only those activities which improve job performance but also those which bring about growth of the personality. <i>(Marks for identification of the concept are to be awarded only if the Group has been identified correctly)</i>	1 ½ Marks = 4 Marks
26	Q. Rahul, the Managing Director of ‘HariHar Ltd.’ and Sahil, the finance manager were discussing about avenues of investing the idle funds of the company. Rahul was of the opinion that money should be invested in the capital market whereas Sahil felt that it would be better if the investment was made in the money market. Explain with the help of any two points, giving reasons, why Sahil felt that investment in the money market is better. Ans Investment in money market is better due to the following reasons (any two) 1) Liquidity: Money market instruments enjoy a higher degree of liquidity as the Discount Finance House of India (DFHI) has been established for providing a ready market, but in capital market a share may not easily find a buyer. 2) Safety: Money market is generally much safer with a minimum risk of default whereas capital market instruments are riskier both with respect to returns and principal repayment. 3) Duration: Money market instruments have a tenure of single day to one year whereas capital market instruments deal in medium and long-term securities. <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i>	½ mark each for heading and 1 ½ marks each for explanation 2+2 = 4 Marks
27	Q. (a) Explain the following principles of ‘Scientific Management’: - Harmony, Not Discord - Cooperation, Not Individualism Ans (a) Harmony, Not Discord: - This principle emphasises that there should be complete	

	harmony between the management and the workers. Both should realise that each one is important. There should be complete mental revolution on the part of both management and workers and both should transform their thinking. • Management should share the gains of the company, if any, with the workers. At the same time workers should work hard and be willing to embrace change for the good of the company. (ii) Cooperation, Not Individualism: • This principle emphasises that there should be complete cooperation between the labour and the management instead of individualism. Competition should be replaced by cooperation and both the management and the workers should realise that they need each other. • Management should not close its ears to any constructive suggestions made by the employees and should reward the suggestions which results in substantial reduction in cost. They should be part of management. If any important decisions are taken, workers should be taken into confidence. OR (b) Explain the following principles of 'General Management': (i) Discipline (ii) Remuneration of Employees Ans (i) Discipline • Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. • Discipline requires good superiors at all levels, clear and fair agreements, and judicious application of penalties. Workers and Management both honour their commitments without any prejudice towards one another. (ii) Remuneration of Employees • The overall pay and compensation should be fair to both the employees and the organisation. It should be just and equitable.	2 marks + 2 marks = 4 Marks OR 2 marks +
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	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— centre, state or local. It is imperative for the management to obey these.	n 1x4 = 4 Marks
29	Q. (a) Explain the following features of planning: (i) Planning is the primary function of management. (ii) Planning is a mental exercise. Ans (i) Planning is the primary function of management. • Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. • Planning is a primary function as it precedes other functions of management. (iii) Planning is a mental exercise. • Planning requires application of the mind involving foresight, intelligence, imagination and sound judgement. • It is an intellectual activity of logical thinking rather than doing because planning determines the action to be taken. It must be based on the analysis of facts and forecasts. OR (b) Explain the following points of the importance of planning: (i) Planning reduces the risk of uncertainty. (ii) Planning facilitates decision making. Ans (i) Planning reduces the risk of uncertainty. • Planning is an activity which enables a manager to look ahead and anticipate changes by deciding in advance the task 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.	2 marks + 2 marks = 4 Marks OR 2 marks +

	(ii) Planning facilitates decision making. - Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. - The manager has to evaluate each alternative and select the most viable proposition.	2 marks = 4 Marks
30	Q. After seeing an overwhelming response from people for their homes, Arun, the owner of a leading construction company 'Luxury At Home' decided to launch new projects in eight more cities across India. This decision would require additional investment of Rs.150 crores. Shyam, the finance manager advised Arun that instead of raising the entire amount through equity, it would be better to raise funds with a judicious mix of 40% equity and 60% debt. Shyam explained that since the company was earning sufficient profits, they could also take advantage of trading on equity to maximise earning per share. He also suggested that raising this debt through a loan from a financial institution would be better as this would involve a lower cost. He further added that debt was also beneficial as it would not dilute the management's holding in the company. After giving due thought, Arun agreed to Shyam's suggestions. (i) State the concept of financial management suggested by Shyam to Arun. (ii) State any three factors discussed by Shyam in the above paragraph, affecting the concept identified in (i) above. Ans (i) The concept of financial management suggested by Shyam to Arun is : Capital Structure which refers to the mix between owners and borrowed funds. <i>(If an examinee has only identified the concept, ½ mark should be awarded)</i> (ii) The three factors discussed by Shyam are: (i) If the <u>Return on Investment</u> (ROI) of the company is higher, it can choose to use Trading on Equity to increase its Earning Per Share (EPS) i.e., its ability to use debt is greater. (ii) Public issue of shares and debentures require high <u>floatation cost</u> whereas getting a loan from a financial institution may	1 Mark + 1 x 3 = 3 Marks

	not cost so much. (iii) Debt does not cause dilution of <u>control</u> whereas a public issue of equity may reduce the management's holding in the company. <i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i>	= 4 Marks
31	Q. (a) 'Principles of management guide managers in taking and implementing decisions.' In the light of this statement, explain any four points of significance of the principles of management. Ans Significance of the principles of management : (any four) 1) Providing managers with useful insights into reality. 2) Optimum utilisation of resources and effective administration. 3) Scientific decisions. 4) Meeting changing environment requirements. 5) Fulfilling social responsibility. 6) Management training, education and research. <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i> OR (b) 'A good understanding of environment by business managers enables them not only to identify and evaluate, but also to react to the forces external to their firms.' In the light of this statement, explain any four points of importance of business environment. Ans Importance of business environment (Any four) 1) It enables the firm to identify opportunities and getting the first mover advantage. 2) It helps the firm to identify threats and early warning signals. 3) It helps in tapping useful resources. 4) It helps in coping with rapid changes. 5) It helps in assisting in planning and policy formulation. 6) It helps in improving performance. <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i>	½ mark each for heading and 1 mark each for explanation 1 ½ x 4 = 6 Marks OR ½ mark each for heading and 1 mark each for explanation 1 ½ x 4 = 6 Marks

32	Q. Due to the increasing demand for healthy food products, Megha launched 'Good Bakers' after completing a culinary course at a reputed institute. Her main focus was on meeting customers' needs. So, she decided to manufacture healthy biscuits and cakes made from millets, without any artificial preservatives. To capture a wider market and to offer her products, she not only planned to directly take orders from the customers, but also through retailers who would sell them to end consumers. This would ensure that the products are available at a place where the customers would like to buy them. In addition, Megha decided to offer free samples of her cakes and biscuits at stalls in prominent markets and shopping malls. This would increase visibility and attract potential buyers. Explain the various components of marketing mix discussed in the above paragraph. Ans. Various components of marketing mix discussed in the above paragraph are: 1) Product Product means goods or services or anything of value which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging. 2) Place It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the intermediaries, managing inventory, storage and warehousing, transportation of goods from the place it is produced to the place it is required by the buyers. 3) Promotion Promotion refers to communicating availability, features, merits etc. of the product and services to the target customers and persuading them to buy it. It uses the combination of promotion tools such as advertising, personal selling and sales promotion techniques.	½ mark each for heading and 1 ½ marks each for explanation 2 x 3 = 6 Marks
33	Q. Ankita was the Managing Director at 'Tech Smart', an IT company. She was facing problems in retaining the employees in the company. While discussing this problem with her friend,	

	Prachi, who had recently completed her MBA in Human Resource Management, she shared that employees in her company are not motivated enough even though the company was offering them good salaries and stability of income. Prachi explained to Ankita that all the needs of the employees are not satisfied by money alone. Psychological, social and emotional factors also play an important role in providing motivation. Explain any four such incentives which may help the company in retaining its employees and provide motivation as suggested by Prachi. Ans Incentives which may help the company in retaining its employees and provide motivation as suggested by Prachi: (Any four) 1) Status 2) Organisational Climate 3) Career Advancement Opportunity 4) Job Enrichment 5) Employee Recognition Programmes 6) Job Security 7) Employee Participation 8) Employee Empowerment <i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i>	½ mark each for heading and 1 mark each for explanation 1 ½ x 4 = 6 Marks						
34	Q. (a) ‘The management has to skilfully take advantage of both the formal and informal organisation so that work continues smoothly.’ Differentiate between 'formal' and 'informal' organization on the basis of the following: (i) Meaning (ii) Origin (iii) Authority (iv) Flow of communication (v) Behaviour (vi) Leadership Ans (a) <table border="1"> <thead> <tr> <th>Basis</th><th>Formal Organisation</th><th>Informal Organisation</th></tr> </thead> <tbody> <tr> <td>Meaning</td><td>Formal Organisation</td><td>Informal Organisation</td></tr> </tbody> </table>	Basis	Formal Organisation	Informal Organisation	Meaning	Formal Organisation	Informal Organisation	
Basis	Formal Organisation	Informal Organisation						
Meaning	Formal Organisation	Informal Organisation						

		refers to a structure of authority relationships created by the management.	refers to a network of social relationships which arise 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.	
	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.	
	Behaviour	It is directed by rules.	There is no set behaviour pattern.	
	Leadership	Managers are leaders. by virtue of their position in the organisation.	Leaders may or may not be managers. They are chosen by the group.	
	OR			
	(b) 'Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance.' In the light of this statement, explain any four points that highlight the importance of delegation.			
	Ans Importance of Delegation (any four) 1) Effective management. 2) Employee development. 3) Motivation of employees. 4) Facilitation of growth. 5) Basis of management hierarchy. 6) Better coordination.			
	<i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i>			

**1 x 6 =
6 Marks**

OR

**½ mark
each for
heading
and
1 mark
each for
explanatio
n**

**1 ½ x 4 = 6
Marks**