

***-Strictly Confidential: (For Internal and Restricted Use Only)***  
**Senior School Certificate Examination**  
**March -----2018-19**  
**Marking Scheme---Business Studies 66/5/1, 66/5/2, 66/5/3**

**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.

			<b>MARKING SCHEME – 2018-19 BUSINESS STUDIES 66/5/3 EXPECTED ANSWERS / VALUE POINTS</b>	<b>Distribution of Marks</b>
<b>SECTION A</b>				
7	3	1	<p><b>Q. Vivek purchased a bike from Saranath Automobiles with a written guarantee to repair or replace, if necessary, within six months or 5,000 kms of distance travelled whichever is earlier. After covering the distance of 400 kms in two months, the gears of the bike started giving problems. Vivek took the bike to the dealer who refused to listen to his complaint. He was confused about what he should do. Suggest the rights that Vivek may exercise in the above case.</b></p> <p><b>Ans. (a) Right to Safety</b></p> <p><b>(b) Right to seek redressal</b></p>	<p><math>\frac{1}{2}</math> mark for naming each right = <math>\frac{1}{2} \times 2</math> = <b>1 mark</b></p>
6	1	2	<p><b>Q. ‘XY Ltd.’ is registered with an authorised capital of Rs. 10 crore. The paid-up capital of the company is Rs. 6 crore. The company was facing shortage of funds. The management of the company decided to raise funds by issue of 1,00,000 equity shares of Rs. 100 each. The issue was fully subscribed. After this it was realised that the funds raised were in excess of the actual requirement. Identify and define the concept which was not considered by the company before deciding the amount of funds to be raised.</b></p> <p><b>Ans. Financial Planning</b></p> <p>The process of estimating the fund requirements of a business and specifying the sources of funds is called financial planning.</p> <p style="text-align: center;">OR</p> <p>Financial planning is the preparation of a financial blueprint of an organisation’s future operations.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p>	<p><math>\frac{1}{2}</math> mark for identifying the concept +</p> <p><math>\frac{1}{2}</math> mark for its definition = <b>1 mark</b></p>

1	4	3	<p><b>Q. Various input resources are required by management to complete a task effectively and efficiently. Name any two.</b></p> <p><b>Ans.</b> Following are the input resources required by management to complete a task effectively and efficiently: (Any two) (i) Money (ii) Materials (iii) Equipment (iv) Persons</p>	<p><b>½ mark</b></p> <p>+</p> <p><b>½ mark</b></p> <p>=</p> <p><b>1 mark</b></p>
8	2	4	<p><b>Q. ‘Nayan Medicare Equipment Ltd.’ manufactures equipment for surgeons having a unique laser technique. The equipment can be used by the surgeons only after proper training. Even their maintenance requires guidance of specialised engineers. Because of this, the equipment is used in a limited number of hospitals. The company wants to increase the sale of the equipment. Suggest the promotion tool to be used by the company giving reason in support of your answer.</b></p> <p><b>Ans.</b> Personal Selling.</p> <p>This is because it is a complex product requiring technical details and is best sold through shorter channels.</p>	<p><b>½ mark for naming the tool</b></p> <p>+</p> <p><b>½ mark for the reason</b></p> <p>=</p> <p><b>1 mark</b></p>
3	5	5	<p><b>Q. All business firms would like to increase their sales and earn profits to be successful. All managers dream of these. To turn their dreams into reality, managers need to work hard in thinking about the future, in making business predictions and achieving targets. The above lines describe one of the functions of management. Identify and define this function.</b></p> <p><b>Ans.</b> <u>Planning</u></p> <p><u>Planning</u> is defined as the process of setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative</p>	<p><b>½ mark</b></p> <p>+</p> <p><b>½ mark</b></p>

			<p>from among the various courses of action available.</p> <p><b>(or any other correct definition)</b></p>	<p>=</p> <p><b>1 mark</b></p>
-	-	6	<p><b>Q. Give the meaning of ‘Functional Structure’.</b></p> <p><b>Ans.</b> <u>Functional structure</u> is an organisational structure formed by grouping of jobs of similar nature under functions and organising these major functions as separate departments like production, finance etc.</p> <p><b>(or any other correct meaning)</b></p> <p><b>OR</b></p> <p><b>Q. Give the meaning of ‘Divisional Structure’.</b></p> <p><b>Ans.</b> <u>Divisional structure</u> is an organisation structure comprising of separate business units or divisions created on the basis of different products, geographical area, customer groups etc. Each division is multifunctional because within each division, functions like production, marketing , finance, purchase etc are performed together to achieve a common goal.</p> <p><b>(or any other correct meaning)</b></p>	<p><b>1 mark</b></p> <p><b>OR</b></p> <p><b>1 mark</b></p>
-	-	7	<p><b>Q. Differentiate between a ‘Trade Test’ and an ‘Interest Test’.</b></p> <p><b>Ans.</b> Trade Test measures the existing skills of an individual whereas Interest Test is used to know the pattern of interest or involvement of a person for performance of a job.</p> <p><b>OR</b></p> <p><b>Q. Differentiate between ‘Placement’ and ‘Orientation’.</b></p> <p><b>Ans.</b> <u>Placement</u> refers to the employee occupying the position by the employee for which he has been selected.</p> <p><u>Orientation</u> refers to introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.</p>	<p><b>1 mark</b></p> <p><b>OR</b></p> <p><b>1 mark</b></p>

-	-	8	<p><b>Q. How does ‘Cash Flow Position’ affect capital structure of an enterprise?</b></p> <p><b>Ans.</b> Cash Flow Position affects capital structure of an enterprise as projected cash flows need to be considered to meet fixed payment obligations associated with debt.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. How does ‘Return on Investment’ affect capital structure of an enterprise?</b></p> <p><b>Ans.</b> Return on Investment affects the capital structure of an enterprise as a higher Return on Investment will increase the ability of the company to use more debt.</p>	<p style="text-align: center;"><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;"><b>1 mark</b></p>
			<b>SECTION B</b>	
12	11	9	<p><b>Q. ‘Financial markets are classified on the basis of the maturity of financial instruments traded in them.’ Name the market in which the instruments with more than one year maturity are traded. Also state any two features of this market.</b></p> <p><b>Ans.</b> Capital Market</p> <p><u>Any two of the following features of Capital Market:</u></p> <p>(a) It facilitates arrangement of long term and medium term funds</p> <p>(b) In this market, funds are raised through both - debt and equity i.e. equity shares, preference shares, bonds, debentures etc.</p> <p>(c) It includes Primary and Secondary market.</p> <p>(d) The participants in this market are financial institutions, banks, corporate entities, foreign investors and ordinary retail investors.</p> <p>(e) Investment in this market does not necessarily require a huge financial outlay.</p> <p>(f) The securities traded in this market are considered liquid as they are marketable on the stock exchange.</p> <p>(g) The instruments traded in this market are risky because</p>	<p style="text-align: center;"><b>1 mark</b></p> <p style="text-align: center;">+</p> <p style="text-align: center;"><b>1 x 2</b> = <b>2 marks</b> =</p> <p style="text-align: center;"><b>1+2</b> = <b>3 marks</b></p>

			<p>of higher duration of investing.</p> <p>(h) The returns in this market are generally higher as the investment can earn capital gains, dividend as well as bonus issues.</p>	
11	10	10	<p><b>Q. Shiv has recently joined an industrial unit manufacturing low cost LED bulbs. He has five workers working under him. He gives them instructions to ensure optimum utilization of resources and achievement of work targets. He provides good on-the-job training to the workers to build an efficient team. He also analyses the work performed by them and gives feedback. The work performed by Shiv may be described as an important element of directing. Name the element and state two other functions which may be performed by Shiv in addition to those highlighted above.</b></p> <p><b>Ans.</b> Supervision</p> <p><u>Other supervisory functions which may be performed by Shiv in addition to those highlighted above are: (Any two)</u></p> <p>(i) Maintains day-to-day contact and friendly relations with the workers.</p> <p>(ii) Links the workers and the management by conveying management ideas to the workers and workers problems to the management.</p> <p>(iii) Helps in maintaining group unity by sorting out their internal differences.</p> <p>(iv) To oversee the efforts of the workforce.</p> <p>(v) To ensure that the quality of output is maintained and wastage of material is minimized.</p> <p>(vi) To ensure safety standards are maintained.</p>	<p><b>1 mark</b></p> <p>+</p> <p><b>1 x 2</b></p> <p>=</p> <p><b>2 marks</b></p> <p>=</p> <p><b>1+2</b></p> <p>=</p> <p><b>3 marks</b></p>
13	9	11	<p><b>Q. Gopal, Mohan and Shyam are three friends having their separate small manufacturing units in an industrial estate. They are hard-working and honest and undertake their respective production activities following the good practices of business. They use good quality raw</b></p>	

		<p><b>materials and adopt standardised process. They fix the prices of their products with a reasonable profit margin. But all of them are worried about the malpractices like manufacturing sub-standard, duplicate and defective goods by the fellow manufacturers. Therefore, they decided to form an organisation with a constitution of its own which is free from government interference. This organisation would encourage consumers to strongly protest and take action against unscrupulous, exploitative and unfair trade practices of sellers. State three other functions which may be performed by this organisation in addition to those mentioned above.</b></p> <p><b>Ans.</b> Three other functions which may be performed by this organisation in addition to those mentioned above are: <b>(Any three)</b></p> <p>(i) <u>Educating the general public</u> about consumer rights by organising training programmes, seminars and workshops.</p> <p>(ii) <u>Publishing periodicals</u> and other publications to impart knowledge about consumer problems.</p> <p>(iii) <u>Carrying out comparative testing</u> of consumer products in accredited laboratories.</p> <p>(iv) <u>Providing legal assistance</u> to consumers.</p> <p>(v) <u>Filing complaints</u> in appropriate consumer courts on behalf of the consumers.</p> <p>(vi) <u>Taking an initiative in filing cases</u> in the interest of general public.</p>	<p style="text-align: center;"><b>1 x 3 = 3 marks</b></p>
-	-	<p><b>12 Q. Explain the three essential elements of ‘delegation’.</b></p> <p><b>Ans.</b> Essential elements of delegation are:</p> <p>(a) <u>Authority</u>.</p> <p>- Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.</p> <p>- It flows from top to bottom.</p>	<p style="text-align: center;"><b>½ mark for naming each element + ½ mark for</b></p>



			of duties and duplication of effort.	
-	-	13	<p><b>Q. Explain the following points of importance of ‘controlling’:</b></p> <p><b>(a) Improving employe motivation;</b>  <b>(b) Ensuring order and discipline; and</b>  <b>(c) Facilitating co-ordination in action.</b></p> <p><b>Ans.</b></p> <p><b>(a) Improving employee motivation</b></p> <p>Controlling improves employee motivation as the employees’ know well in advance what they are expected to do and the standards of performance on the basis of which they will be appraised.</p> <p>This motivates them and helps them to give better performance.</p> <p><b>(b) Ensuring order and discipline</b></p> <p>Controlling creates an atmosphere of order and discipline in the organisation.</p> <p>It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.</p> <p><b>(c) Facilitating co-ordination in action</b></p> <p>Controlling provides direction to all activities and efforts for achieving organising goals.</p> <p>Each department and employee is governed by pre-determined standards which are well coordinated with one another to ensure that overall organisational objectives are accomplished.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain the relationship between ‘planning’ and ‘controlling’ functions of management.</b></p> <p><b>Ans. Relationship between planning and controlling: (Any three)</b></p> <p>(i) Controlling takes place on the basis of standards</p>	<p style="text-align: right;"><b>1 x 3</b></p> <p style="text-align: center;">=</p> <p style="text-align: right;"><b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p style="text-align: right;"><b>½ mark for the heading</b></p> <p style="text-align: center;">+</p> <p style="text-align: right;"><b>½ mark for its explanation</b></p> <p style="text-align: center;">=</p> <p style="text-align: right;"><b>1 x 3</b></p> <p style="text-align: center;">=</p> <p style="text-align: right;"><b>3 marks</b></p>

			<p>developed by planning.</p> <p>(ii) Planning without controlling is meaningless.</p> <p>(iii) Planning is prescriptive whereas controlling is evaluative.</p> <p>(iv) Planning and controlling both are forward-looking.</p> <p>(v) Planning and controlling both are looking back.</p> <p><b>(In case the candidate has not given the relationship in the form of points but has explained the points, full credit be given)</b></p>	
			<b>SECTION C</b>	
<b>18</b>	<b>16</b>	<b>14</b>	<p><b>Q. Nayar is working as P.G.T. Commerce in a CBSE affiliated school of Kerala. One day he was teaching about capital market in the class. He informed the class that during 1980's the capital market in India witnessed a tremendous growth because of increasing participation of the public. This ever increasing investors' population and market capitalisation led to a variety of malpractices on the part of the companies, brokers, merchant bankers, investment consultants and others involved in the securities market. These malpractices and unfair trading practices eroded investor confidence and multiplied investors' grievances. The Government of India and the stock exchanges were helpless in redressing the investors' problems because of lack of proper penalty provisions in the existing legislation. In view of this the Government of India decided to set up a regulatory body.</b></p> <p><b>(a) Name the regulatory body which the Government of India decided to set up.</b></p> <p><b>(b) Also state any three objectives of the regulatory body identified in part (a) above.</b></p> <p><b>Ans. (a) Regulatory body - SEBI (Securities and Exchange Board of India)</b></p> <p><b>(b) Objectives of SEBI are: (Any three)</b></p> <p><b>(i) To regulate stock exchanges and the securities industry to promote their orderly functioning.</b></p>	<b>1 mark</b>

			<p>(ii) To <u>protect the rights and interests of investors</u>, particularly individual investors and to guide and educate them.</p> <p>(iii) To <u>prevent trading malpractices</u> and achieve a balance between self regulation and statutory regulation.</p> <p>(iv) To <u>regulate and develop</u> a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p><b>1 x 3</b> = <b>3 marks</b></p> <p>= <b>1+3</b> = <b>4 marks</b></p>
17	14	15	<p><b>Q. Ganesh was concerned about the sedentary lifestyle people are leading nowadays. Their dependency on outside food is also increasing because corporate work culture demands working till late night at offices. So, he decided to start a restaurant, ‘Healthy Eating Point’ to provide healthy food options to customers. After completing planning and organising functions, he identified the various job positions that are required to be filled i.e. a General Manager, an Accountant, two Chefs, two boys for serving the food in the restaurant and three boys for home delivery of food. He decided that his father, Karan, would be the General Manager of the restaurant. He would be paid ₹50,000 per month for his services. His father requested him to appoint his friend’s son, Prem as an accountant who is well qualified for this post. Ganesh agreed to this proposal. Earlier, Prem had a business of providing unskilled workers to different organisations from remote areas of the country. Prem took permission from Ganesh to continue with the old business. Ganesh happily agreed and asked him to provide five boys for serving and delivering the food. For the appointment of the two Chefs, Ganesh approached a renowned Hotel Management Institute and was satisfied with the Chefs provided by the institute.</b></p> <p><b>(a) Quoting the lines from the above paragraph, explain the two sources of recruitment being used by Ganesh for filling up the various job positions.</b></p> <p><b>(b) Also, give the meaning of the function of management discussed in the above case.</b></p>	

		<p><b>Ans. (a)</b> Sources of recruitment being used by Ganesh for filling up the various job positions are: <b>(Any two)</b></p> <p><b>(i) Recommendation of employees</b></p> <p><i>‘His father requested him to appoint his friend’s son, Prem as an accountant who is well qualified for this post’</i></p> <p>In this source of recruitment, applicants are introduced by present employees or their friends and relatives. Such employees are likely to be good employees as their background is sufficiently known.</p> <p><b>(ii) Labour Contractors</b></p> <p><i>‘Earlier, Prem had a business of providing unskilled workers to different organisations from remote areas of the country’</i></p> <p>It is a source of recruitment in which the labour contractor maintains a close contact with the labourers and can provide the required number of unskilled workers at short notice.</p> <p><b>(iii) Campus Recruitment</b></p> <p><i>‘For the appointment of the two Chefs, Ganesh approached a renowned Hotel Management Institute and was satisfied with the Chefs provided by the institute’</i></p> <p>It is a source of recruitment in which organisations maintain a close liaison with educational institutions like universities, vocational schools and management institutes to recruit qualified personnel for technical, professional and managerial jobs.</p> <p><b>(b)</b> The function of management discussed above is <u>Staffing which means filling and keeping filled the positions in the organisation structure.</u></p> <p><b>(or any other correct meaning)</b></p>	<p><b>½ mark for identifying the source</b></p> <p><b>+</b></p> <p><b>½ mark for quoting the line</b></p> <p><b>+</b></p> <p><b>½ mark for its explanation</b></p> <p><b>=</b></p> <p><b>1 ½ x 2</b></p> <p><b>=</b></p> <p><b>3 marks</b></p> <p><b>+</b></p> <p><b>1 mark</b></p> <p><b>=</b></p> <p><b>3+1</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>
15	17	16	<p><b>Q. One of the questions that needs to be answered in the</b></p>

	<p><b>organizing function is ‘At what level are decisions made’? Decision making authority in an organization can be pushed down to the lower levels or it may lie with the top management. However it is not an ‘either or’ concept.</b></p> <p><b>When an organization grows in size or complexity, there is tendency towards sharing decision making authority with the lower levels. This is because in large organizations, employees who are closely involved with certain operations tend to have more knowledge about them than the top management.</b></p> <p><b>An important concept of organizing function is discussed above. Identify the concept and state any three points of its importance.</b></p> <p><b>Ans.</b> Decentralisation</p> <p><u>Importance of decentralisation: (Any three)</u></p> <p>(i) It gives <u>relief to the top management</u> as, when the subordinates are given the freedom to act, the top management gets more time to devote on important policy decisions rather than handling operational decisions.</p> <p>(ii) It develops <u>initiative amongst subordinates</u> by promoting self reliance and confidence among them. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement.</p> <p>(iii) It develops <u>managerial talent for the future</u> by giving the subordinates a chance to prove themselves, thus, creating reservoir of qualified manpower to fill up challenging positions in future.</p> <p>(iv) It <u>facilitates growth</u> by fostering competition amongst the departments leading to increase in productivity, thereby generating higher profits which can be used for growth and expansion.</p> <p>(v) It helps in <u>quick decision making</u> as there is no requirement for approval from many levels. There are also less chances of information getting distorted as it doesn't have to go through many levels.</p> <p>(vi) It leads to <u>better control</u> by evaluating performance at</p>	<p><b>1 mark</b></p> <p>+</p> <p><b>1 x 3</b> = <b>3 marks</b> = <b>1+3</b> = <b>4 marks</b></p>
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			<p>each level of management. The departments can be held accountable for their results.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	
14	18	17	<p><b>Q. Define ‘Management’. Explain how management is a multidimensional activity.</b></p> <p><b>Ans.</b> <u>Management</u> is the process of getting things done with the aim of achieving goals effectively and efficiently.</p> <p><b>(or any other correct definition)</b></p> <p><u>Management is a multidimensional activity as it has three main dimensions:</u></p> <p>(a) Management of work</p> <p>(b) Management of people</p> <p>(c) Management of operations</p> <p><b>OR</b></p> <p><b>Q. Give the meaning of ‘Business Environment’. Explain any three features of Business Environment.</b></p> <p><b>Ans.</b> Business environment refers to sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.</p> <p><b>(or any other correct meaning)</b></p> <p><u>Characteristics of Business Environment: (Any three)</u></p> <p>(a) Totality of all external forces affecting a business.</p> <p>(b) Includes both general and specific forces</p> <p>(c) Inter-relatedness</p> <p>(d) Dynamic nature</p>	<p><b>1 mark</b></p> <p>+</p> <p><b>½ mark for heading</b></p> <p>+</p> <p><b>½ mark for its explanation</b></p> <p><b>1 x 3</b></p> <p>=</p> <p><b>3 marks</b></p> <p>=</p> <p><b>(1+3)</b></p> <p>=</p> <p><b>4 marks</b></p> <p><b>OR</b></p> <p><b>1 mark</b></p> <p>+</p> <p><b>½ mark for heading</b></p> <p>+</p> <p><b>½ mark for its explanation</b></p>

		<p>(e) Uncertainty (f) Complexity (g) Relativity</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p><b>1 x 3</b> = <b>3 marks</b> = <b>(1+3)</b> = <b>4 marks</b></p>	
19	15	18	<p><b>Q. Jay is working as the Chief Executive Officer of a soft drinks company. The company is doing its business in collaboration with a soft drinks company of France. Jay’s friend, Swami a teacher of Business Studies in a reputed college was discussing the ‘Marketing’ chapter with his students. He wanted clarity from Jay about the factors which affect the marketing decisions. Jay explained that there were a large number of factors affecting marketing decisions which may be divided into two categories: (i) controllable factors, and (ii) non-controllable factors. Jay further explained that controllable factors became marketing tools that can be constantly shaped and reshaped by marketing managers, to achieve marketing success. Identify and explain the set of marketing tools that can be constantly shaped and reshaped by marketing managers.</b></p> <p><b>Ans.</b> Set of marketing tools that can be constantly shaped and reshaped by marketing managers are:</p> <p>(i) <u>Product</u></p> <p>Product is a mixture of tangible and intangible attributes which are capable of being exchange for a value with ability to satisfy customer needs.</p> <p>(ii) <u>Price</u></p> <p>Price may be defined as the amount of money paid by the buyer (or received by the seller) in consideration for the purchase of a product or a service.</p> <p>(iii) <u>Place or Physical Distribution</u></p> <p>Place or Physical Distribution is concerned with making the goods and services available at the right place, in right</p>	<p><b>½ mark for naming each tool</b> + <b>½ mark for each explanation</b> = <b>1x 4</b> = <b>4 marks</b></p>

		<p>quantity and at the right time so that the consumers can purchase the same.</p> <p>(iv) <u>Promotion</u></p> <p>Promotion refers to the use of communication with the objective of informing potential customers about the product and persuading them to buy the same.</p>	
-	-	<p><b>19 Q. State any four benefits of internal sources of recruitment.</b></p> <p><b>Ans. <u>Benefits of internal sources of recruitment:</u></b></p> <p>(a) Employees are <b>motivated to improve their performance</b> as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.</p> <p>(b) It <b>simplifies the process of selection</b> as the candidates are already known to the organisation.</p> <p>(c) There is <b>no need for induction training</b> as the employees are already familiar with the organisation.</p> <p>(d) It helps in <b>adjustment of surplus staff</b> in those departments where there is shortage of staff.</p> <p>(e) It is an <b>economical source</b> of recruitment.</p> <p><i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. State any four limitations of internal sources of recruitment.</b></p> <p><b>Ans. <u>Limitations of internal sources of recruitment: (Any four)</u></b></p> <p>(a) It <b>reduces the scope for induction of fresh talent</b> by stopping infusion of new blood into the organisation.</p>	<p style="text-align: right;"><b>1 x 4</b></p> <p style="text-align: center;">=</p> <p style="text-align: right;"><b>4 marks</b></p> <p style="text-align: right;"><b>OR</b></p> <p style="text-align: right;"><b>1 x 4</b></p>

		<p>(b) The <b>employees may become lethargic</b> if they are sure of time bound promotions.</p> <p>(c) A <b>new enterprise cannot use internal sources</b> of recruitment. Also, all vacancies in any organisation cannot be filled through internal sources.</p> <p>(d) It <b>hampers the spirit of competition</b> among the employees.</p> <p>(e) <b>Frequent transfers may reduce productivity.</b></p> <p><i>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</i></p>	<p>=</p> <p><b>4 marks</b></p>	
<b>SECTION D</b>				
<b>20</b>	<b>21</b>	<b>20</b>	<p><b>Q. ‘Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way.’ Taylor developed various techniques for application of Scientific Management principles and was able to achieve a three-fold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and labour costs. Another technique recognises those workers who are able to accomplish/exceed the fair day’s work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers. Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.</b></p> <p><b>Ans. <u>Time Study</u></b></p> <p><i>‘One of the techniques helps to determine labour costs’</i></p> <ul style="list-style-type: none"> <li>▪ It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job.</li> <li>▪ It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.</li> </ul>	<p><b>(½ mark</b> + <b>½ mark</b> + <b>1 ½ marks</b> = <b>2 ½ marks)</b></p>

			<p><b><u>Differential Piece Wage System</u></b></p> <p><i>‘Another technique recognises those workers who are able to accomplish/exceed the fair day’s work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers’</i></p> <ul style="list-style-type: none"> <li>▪ Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.</li> <li>▪ In this plan, there are two piece rates – a higher piece rate for those workers who produce the standard output or more, and a lower one for those who produce less than the standard output.</li> </ul>	<p style="text-align: center;">+</p> <p style="text-align: center;">(½ mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 ½ marks</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 ½ marks)</p> <p style="text-align: center;">=</p> <p style="text-align: center;">2 ½ + 2 ½</p> <p style="text-align: center;">=</p> <p style="text-align: center;">5 marks</p>
21	20	21	<p><b>Q. Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crores in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company’s commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.</b></p> <p><b>Identify and explain the two types of plans discussed above.</b></p> <p><b>Ans.</b> The two types of plans discussed above are: (a) Objectives</p>	<p style="text-align: center;"><b>1 mark for identifying each type of plan</b></p>

		<p>(b) Strategy</p> <p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>▪ Objectives are the <u>ends</u>, which the management seeks to achieve.</li> <li>▪ Objectives needs to be <u>expressed in specific terms</u> that is quantified and is to be achieved within a given time period.</li> <li>▪ They are usually <u>set by top management</u> of the organisation and focus on <u>broad, general issues</u>.</li> </ul> <p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>▪ A strategy is a <u>comprehensive plan</u> for accomplishing an organisation's objectives taking business environment into consideration.</li> <li>▪ It provides the broad contours of an organisations business and defines the <u>organisation's direction and scope in the long run</u>.</li> <li>▪ It includes determining long term objectives, adopting a particular course of action, and allocating resources necessary to achieve the objectives.</li> </ul>	<p>(1 x 2) = <b>2 marks</b></p> <p>+</p> <p><b>1 ½ marks</b></p> <p>+</p> <p><b>1 ½ marks</b></p> <p>= <b>1 ½ + 1 ½</b> = <b>3 marks</b> = <b>2+3</b> = <b>5 marks</b></p>
-	-	<p><b>22 Q. Define 'Directing' as a function of management. Explain its features.</b></p> <p><b>Ans.</b> Directing is defined as the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives.</p> <p style="text-align: center;"><b>(or any other correct definition)</b></p> <p><u>Features of directing:</u></p> <p>(i) Directing initiates action</p> <p>(ii) Directing takes place at every level of management.</p>	<p><b>1 mark</b></p> <p><b>½ mark for the heading</b> + <b>½ mark for its explanation</b></p>

	<p>(iii) Directing is a continuous process.</p> <p>(iv) Directing flows from top to bottom.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Define 'Training'. Explain the following methods of training:</b></p> <p><b>(i) Induction Training;</b>  <b>(ii) Vestibule Training;</b>  <b>(iii) Apprenticeship Training; and</b>  <b>(iv) Internship Training.</b></p> <p><b>Ans.</b>  <b>Training</b> is the process by which the aptitudes, skills and abilities of the employees to perform specific jobs are improved.</p> <p>(i) <u>Induction Training</u></p> <p>It is a type of training given to help the new employee in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business.</p> <p>(ii) <u>Vestibule Training</u></p> <ul style="list-style-type: none"> <li>▪ Vestibule Training is a method of training which is imparted with the <u>help of equipment &amp; machine identical to those at the place of work.</u></li> <li>▪ The training is <u>conducted away from actual work floor</u> and is generally used where the employees are required to handle <u>sophisticated machinery.</u></li> </ul> <p>(iii) <u>Apprenticeship Training</u></p> <ul style="list-style-type: none"> <li>▪ Apprenticeship Training is a method of training in which the trainee is kept under <u>guidance of a master worker</u> for a prescribed period of time.</li> <li>▪ It is designed to acquire a higher level of skill; so people who want to enter <u>skilled trades</u> e.g. plumbers &amp;</li> </ul>	<p>=  <b>1 x 4</b>          =  <b>4 marks</b>          =  <b>1+4</b>          =  <b>5 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>1 mark</b>          +</p> <p style="text-align: center;"><b>1 x 4</b>          =  <b>4 marks</b></p>
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		<p>electricians are often required to undergo such programme.</p> <p>(iv) <u>Internship Training</u></p> <ul style="list-style-type: none"> <li>▪ Internship Training is a joint programme of training <u>between educational institutions and business firms.</u></li> <li>▪ Besides carrying out regular studies, the trainees also <u>work in some factory or office</u> to acquire practical knowledge and skills</li> </ul>	<p>=</p> <p><b>1+4</b></p> <p>=</p> <p><b>5 marks</b></p>	
<b>SECTION E</b>				
24	24	23	<p><b>Q. Chintamani is the Production Manager of ‘Global India Ltd.’ manufacturing and exporting steel. During the year 2017-18, the company could not meet its production targets. The Chief Executive Officer of the company constituted a committee of experts to find out the reasons and give its recommendation so that the production target could be met in the future. The company analysed the production related records and found out that there were problems due to communication. ‘Global India Ltd.’ had rigid rules and would insist on communication through prescribed channels, which led to delays, the company also had a number of managerial levels causing further delay and distorted communication.</b></p> <p><b>Moreover, the Production Manager, Chintamani, was using a tone that quite often offended the sentiments of the workers. Also, Chintamani and the workers did not believe in each other and so could not understand each other’s messages in the original sense.</b></p> <p><b>(a) Identify and give the meaning of the types of communication barriers discussed above.</b></p> <p><b>(b) Quoting lines from the above, state two communication barriers under each of the types identified in part (a) because of which ‘Global India Ltd.’ could not meet its production targets.</b></p> <p><b>(c) State any two recommendations that might have been given by the committee to improve communication effectiveness.</b></p> <p><b>Ans. (a) <u>Types of communication barriers discussed above are:</u></b></p> <p><b>(i) Organisational barrier</b></p>	<p><b>(½ mark for identifying each barrier</b></p> <p><b>½ x 2</b></p>

	<p>(ii) Psychological barrier</p> <p><u>Organisational barriers</u> are barriers related to organisational structure, authority relationships, rules and regulations.</p> <p><u>Psychological barriers</u> are concerned with the state of mind of both the sender and the receiver</p> <p><b>(b) Organisational barriers:</b></p> <p>(i) <u>Rigid Rules and regulations</u> may delay communication.</p> <p><i>‘Global India Ltd.’ had rigid rules and would insist on communication through prescribed channels, which led to delays’</i></p> <p>(ii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p><i>‘The company also had a number of managerial levels causing further delay and distorted communication’</i></p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p> <p><b><u>Psychological barriers:</u></b></p> <p>(i) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p><i>‘The company also had a number of managerial levels causing further delay and distorted communication’</i></p> <p>(ii) <u>Distrust</u> between the sender and the receiver acts as a barrier.</p> <p><i>‘Chintamani and the workers did not believe in each other and so could not understand each other’s messages in the original sense’</i></p>	<p>= 1 mark)</p> <p>+</p> <p>(½ mark for explaining each barrier = ½ x 2 = 1 mark)</p> <p>+</p> <p>(½ x 2 = 1 mark)</p> <p>+</p> <p>(½ x 2 = 1 mark)</p>
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			<p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p> <p><u>Recommendations that might have been given by the committee to improve communication effectiveness:</u></p> <p>(i) <u>Be aware of the language, tone and content of the message</u> so that it does not offend the sentiments of listeners.</p> <p>(ii) <u>Be a good listener</u> so as to understand each others message in its original sense.</p> <p>(iii) <u>Ensure proper feedback</u> to make communication more responsive.</p> <p>(iv) <u>Follow up communications</u> to remove hurdles in implementing the instructions.</p> <p>(v) <u>Consult others before communicating</u> as participation of subordinates may help to gain ready acceptance and willing cooperation.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p style="text-align: right;">+</p> <p style="text-align: right;"><b>1 x 2</b> = <b>2 marks</b></p> <p style="text-align: right;">= <b>6 marks</b></p>
25	23	24	<p><b>Q. ‘Monisha Consumer Goods’ is a leading consumer goods chain with a network of 46 stores primarily across Mumbai, Delhi and Pune. It was started by Monisha Gupta in 1987. It has a large market share in Mumbai, Delhi and Pune. Looking for an opportunity to expand, it has decided to open a new branch in Kerala. It has to decide on what new resources it will invest in so that it is able to earn the highest possible return for its investors. Once the company believes that it will be able to generate higher revenues and profits, it also has to decide on how this project will get funded. The finance manager, Atul was told to have an optimal capital structure by striking a balance between various sources of getting the project funded so as to increase shareholders’ wealth. Atul, after assessing the cash flow position of the company, evaluated the cost of different sources of finance and compared the risk associated with each source as well as the cost of raising funds.</b></p>	

	<p><b>(a) State the two financial decisions discussed in the above situation.</b></p> <p><b>(b) Explain any two factors affecting each of the decisions that still have to be considered by the finance manager.</b></p> <p><b>Ans. (a)</b></p> <p><b>(i) <u>Investment decision/ Capital budgeting decision/ Long term Investment decision</u></b></p> <p>It involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for the investors.</p> <p><b>(ii) <u>Financing decision</u></b></p> <p>It refers to the decision about the quantum of finance to be raised from various long term sources.</p> <p><b><u>Factors affecting Investment decision: (any two)</u></b></p> <p>(i) Cash flows of the project</p> <p>(ii) The rate of return of the project</p> <p>(iii) The investment criteria involved</p> <p>(iv) Financing alternatives</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p> <p><b><u>Factors determining financing decision: (any two)</u></b></p> <p>(i) Interest coverage ratio</p> <p>(ii) Debt service coverage Ratio</p> <p>(iii) Return on Investment</p> <p>(iv) Tax rate</p> <p>(v) Fixed operating costs</p> <p>(vi) Flexibility</p> <p>(vii) Control</p> <p>(viii) Regulatory framework</p> <p>(ix) Stock market conditions/ State of capital markets</p>	<p>(½ mark for identifying the decision + ½ mark for stating = 1 x 2 = 2 marks)</p> <p>+  (½ mark for each heading + ½ mark for explanation = 1 x 2 = 2 marks)</p> <p>+  (½ mark for each heading + ½ mark for explanation = 1 x 2 = 2 marks) = 2+2+2 = 6 marks</p>
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		<p>(x) Capital structure of other companies</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</b></p>	
-	-	<p><b>25 Q. Explain the following principles of management:</b>  <b>(i) Division of work;</b>  <b>(ii) Unity of command; and</b>  <b>(iii) Scalar chain.</b></p> <p><b>Ans. <u>Division of Work</u></b></p> <ul style="list-style-type: none"> <li>▪ The principle of Division of work suggests that work can be performed more efficiently if it is divided into specialised tasks.</li> <li>▪ A trained specialist who is competent, is required to perform each job leading to specialization which results in efficient and effective output.</li> </ul> <p><b><u>Unity of command</u></b></p> <ul style="list-style-type: none"> <li>▪ The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior.</li> <li>▪ It prevents confusion regarding tasks to be done</li> </ul> <p><b><u>Scalar chain</u></b></p> <ul style="list-style-type: none"> <li>▪ The chain of authority and communication that runs from top to bottom and is followed by both the managers and the subordinates is called scalar chain.</li> <li>▪ In case of any emergency, a shorter route named gang plank may be used to avoid delay in communication.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain the following principles of scientific management:</b>  <b>(i) Science, not rule of thumb;</b>  <b>(ii) Harmony Not Discord; and</b>  <b>(iii) Development of Each and Every Person to His or Her</b></p>	<p style="text-align: right;"><b>2 marks</b></p> <p style="text-align: right;"><b>2 marks</b></p> <p style="text-align: right;"><b>2 marks</b>  = <b>2+2+2</b>  = <b>6 marks</b></p> <p style="text-align: right;"><b>OR</b></p>

