

***-Strictly Confidential: (For Internal and Restricted Use Only)***

**Senior School Certificate Examination**

**March -----2018-19**

**Marking Scheme---Business Studies 66/3/1, 66/3/2, 66/3/3**

**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.

66/3/3

66 /3 /1	66 /3 /2	66 /3 /3	<b>MARKING SCHEME – 2018-19</b> <b>BUSINESS STUDIES</b> 66/3/3 <b>EXPECTED ANSWERS / VALUE POINTS</b>	<b>Marks</b>
			<b>SECTION A</b>	
-	-	1	<b>Q. What is meant by ‘Management of People’?</b>  <b>Ans.</b> Management of people means dealing with employees as individuals with diverse needs and behaviour as well as dealing with individuals as a group of people.  <b>OR</b>  <b>Q. What is meant by ‘Management of Operations’?</b>  <b>Ans.</b> Management of Operations means managing a production process which involves transforming inputs into output for consumption.	<b>1 mark</b>
6	4	2	<b>Q. As a part of its capital structure, ‘Venus Ltd.’ had ₹50 lakhs as Equity Share Capital and a loan of ₹20 lakhs from Neon Bank. On earning a good profit, Venus Ltd decided to give dividend to the Equity Shareholders but were surprised when the Neon Bank imposed restrictions on the payment of dividend. Identify the factor affecting dividend decision which allows Neon Bank to impose restrictions on the payment of dividend by ‘Venus Ltd.’.</b>  <b>Ans.</b> Contractual constraints.	<b>1 mark</b>
7	5	3	<b>Q. Mark Nar, a Latin American while closing a business deal with a businessman from Spain, used a word which was considered offensive in Spanish when translated. This made the Spanish businessman upset and he backed away. Name the semantic barrier to effective communication.</b>	

			<b>Ans.</b> Badly expressed message.	<b>1 mark</b>
8	6	4	<p><b>Q. As a part of its comprehensive plan ‘Neerja Ltd. decided to combine a new line of activity with its existing footwear business. Identify the type of plan.</b></p> <p><b>Ans.</b> Strategy.</p>	<b>1 mark</b>
1	7	5	<p><b>Q. Define ‘Efficiency’.</b></p> <p><b>Ans.</b> Efficiency means doing the task correctly and with minimum cost.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. State any two functions to be performed at supervisory level of management.</b></p> <p><b>Ans.</b> <u>Functions to be performed at supervisory level of management: (Any two)</u></p> <p>(a) To oversee the efforts of the workforce. <span style="float: right;">[1] [SEP]</span></p> <p>(b) To interact with the actual workforce and pass on the instructions of the middle management to the workers. <span style="float: right;">[1] [SEP]</span></p> <p>(c) To ensure that the quality of output is maintained and wastage of material is minimized. <span style="float: right;">[1] [SEP]</span></p> <p>(d) To ensure that safety standards are maintained. <span style="float: right;">[1] [SEP]</span></p> <p style="text-align: center;"><b>(or any other correct function)</b></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;"><math>\frac{1}{2} \times 2</math> = <b>1 mark</b></p>
2	8	6	<p><b>Q. Differentiate between Formal organisation and Informal Organisation on the basis of ‘Nature’.</b></p> <p><b>Ans.</b> Formal organisation has a rigid structure while an</p>	

			<p>Informal Organisation has a flexible structure.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Differentiate between ‘Single Use Plan’ and ‘Standing Plan’ on the basis of meaning.</b></p> <p><b>Ans.</b> Single use plan is a one time plan specifically designed to achieve a particular goal that once achieved will not recur in the future.</p> <p>A standing plan is used for activities that occur regularly over a period of time.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p>	<p><b>1 mark</b></p> <p style="text-align: center;"><b>OR</b></p> <p><math>\frac{1}{2}</math> mark + <math>\frac{1}{2}</math> mark = <b>1 mark</b></p>
3	-	7	<p><b>How does an organisation satisfy ‘Esteem Needs’ of its employees? State.</b></p> <p><b>Ans.</b> Organisation satisfies ‘Esteem Needs’ of its employees by giving job titles to the employees.</p>	<b>1 mark</b>
4	2	8	<p><b>Q. People think that it is the ‘Product’ only that can be marketed. But something else can also be marketed, e.g. ‘Visit Kerala for Health Tourism’. Identify what is being marketed here.</b></p> <p><b>Ans.</b> Place.</p>	<b>1 mark</b>
			<b>SECTION B</b>	
-	-	9	<p><b>Q. Explain any three points of importance of controlling.</b></p> <p><b>Ans. <u>Importance of controlling (Any three):</u></b></p> <p>(i) Accomplishing organisational goals</p> <p>(ii) Making efficient use of resources</p> <p>(iii) Ensuring order and discipline</p> <p>(iv) Improving employee motivation</p> <p>(v) Judging accuracy of standards</p>	<p><math>\frac{1}{2}</math> mark for the heading + <math>\frac{1}{2}</math> mark for explanation = <b>1 x 3</b> = <b>3 marks</b></p>

		<p>(vi) Facilitating co-ordination in action</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain ‘Management by Exception’ with the help of an example.</b></p> <p><u>Management by Exception</u></p> <p>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>It is based on the belief that an attempt to control everything results in controlling nothing.</p> <p><b>E.g.</b> If the plans lay down 2 per cent increase in labour cost as an acceptable range of deviation in a manufacturing organisation, only increase in labour cost beyond 2 per cent should be brought to the notice of the management. However, in case of major deviation from the standard (say, 5 per cent), the matter has to receive immediate action of management on a priority basis.</p> <p style="text-align: center;"><b>(or any other correct example)</b></p>	<p style="text-align: center;"><b>OR</b></p> <p><b>2 marks for explaining Management by Exception</b> + <b>1 mark for the example</b>  = <b>2+1</b>  = <b>3 marks</b></p>
13	11	10	<p><b>Steelone Enterprises is manufacturing high quality steel utensils. The demand for steel is rising as people are getting aware that plastic is not good for health. This has led to increase in the production of steel utensils. To encourage sales, Steelone Enterprises declared a liberal credit policy, which allows three months credit to its wholesale buyers.</b></p> <p><b>In the light of the above, identify the two factors</b></p>

		<p><b>affecting capital requirements of Steelone Enterprises. State with reason, whether the factors as identified above, will result in high or low working capital requirement.</b></p> <p><b>Ans.</b> <u>Factors affecting working capital requirements are:</u></p> <p>(i) Nature of business (ii) Credit allowed (iii) Scale of operations</p> <p><b>(i) Nature of business</b> Since Steelone Enterprises is a manufacturing business, it will require high/ more working capital as raw materials need to be converted into finished goods.</p> <p><b>(ii) Credit allowed</b> Since it has a liberal credit policy it will require high/ more working capital because of higher debtors.</p> <p><b>(iii) Scale of operations</b> Since the business will be operating on a higher scale, it will require high/ more working capital as the quantum of inventory and debtors required will be high.</p>	<p><b>½ mark for identifying each factor</b> + <b>½ mark for each reason</b> = <b>1 x 3</b> = <b>3 marks</b></p>
10	13	11	<p><b>Roasted Coffee Corporation is a coffeehouse chain operating in 7 states of India. Through its effective organisational structure, it has grown despite pressure from competitors in the national market. The company has a Purchase and Production department, Supply chain management and logistics department, Brand management department and Sales department.</b></p> <p><b>This structure has facilitated operational efficiency, as employees became specialists within their own realm of expertise. They could be imparted specialised training as the focus was on limited range of skills.</b></p> <p><b>Identify the organizational structure of Roasted Coffee Corporation. Also state the three advantages of this structure other than those discussed in the</b></p>

		<p><b>above paragraph.</b></p> <p><b>Ans. <u>Functional Structure</u></b></p> <p><b><u>Three more advantages Roasted Coffee Corporation would be experiencing by deploying Functional structure:</u></b></p> <p>(a) Occupational specialisation since emphasis is placed on specific functions.</p> <p>(b) Control and coordination within a department because of similarity in the tasks being performed.</p> <p>(c) Different functions would be getting due attention.</p> <p>(d) Lower cost because of minimal duplication of effort.</p>	<p><b>1 mark</b></p> <p><b>1 x 2</b> =</p> <p><b>2 marks</b> =</p> <p><b>1+2</b> =</p> <p><b>3 marks</b></p>	
11	-	12	<p><b>Q. Explain any three factors affecting capital budgeting decision of a company.</b></p> <p><b>Ans. <u>Factors affecting capital budgeting decision of a company:</u></b></p> <p>(a) Cash flows of the project</p> <p>(b) Rate of return of the project.</p> <p>(c) Investment criteria.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain the twin objectives of financial planning.</b></p> <p><b>Ans. <u>Objectives of financial planning:</u></b></p> <p>(i) To ensure availability of funds whenever required</p> <p>(ii) To see that the firm does not raise resources unnecessarily</p>	<p><b>½ mark for the heading</b> +</p> <p><b>½ mark for its explanation</b> =</p> <p><b>1 x 3</b> =</p> <p><b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>½ mark for the heading</b> +</p> <p><b>1 mark for its explanation</b> =</p>

				<b>1 ½ x 2 = 3 marks</b>																					
12	10	13	<p><b>Differentiate between delegation and decentralisation on any three bases.</b></p> <p><b>Ans.</b> Difference between delegation and Decentralisation:</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Delegation</th> <th>Decentralisation</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>Delegation refers to the downward transfer of authority from a superior to a subordinate</td> <td>Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.</td> </tr> <tr> <td>Nature</td> <td>It is compulsory because no individual can perform all tasks on his own.</td> <td>It is optional because it is done at the discretion of the top management.</td> </tr> <tr> <td>Freedom of action</td> <td>More control by superiors, hence less freedom to take own decisions</td> <td>Less control over executives, hence greater freedom of action</td> </tr> <tr> <td>Scope</td> <td>It has a narrow scope as it is limited to superior and his immediate subordinate.</td> <td>It has a wide scope as it implies extension of delegation to the lowest level of management.</td> </tr> <tr> <td>Status</td> <td>It is a process followed to share tasks</td> <td>It is a result of the policy decision of the top management.</td> </tr> <tr> <td>Purpose</td> <td>To lessen the burden of the manager</td> <td>To increase the role of the subordinates in the organisation by giving them more autonomy.</td> </tr> </tbody> </table>	Basis	Delegation	Decentralisation	Meaning	Delegation refers to the downward transfer of authority from a superior to a subordinate	Decentralisation refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.	Nature	It is compulsory because no individual can perform all tasks on his own.	It is optional because it is done at the discretion of the top management.	Freedom of action	More control by superiors, hence less freedom to take own decisions	Less control over executives, hence greater freedom of action	Scope	It has a narrow scope as it is limited to superior and his immediate subordinate.	It has a wide scope as it implies extension of delegation to the lowest level of management.	Status	It is a process followed to share tasks	It is a result of the policy decision of the top management.	Purpose	To lessen the burden of the manager	To increase the role of the subordinates in the organisation by giving them more autonomy.	<b>1 x 3 = 3 marks</b>
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			<b>SECTION C</b>																						
16	19	14	<b>Tapas Sen, a manufacturer, redesigned his existing soup making machine into a small portable machine.</b>																						

		<p><b>For selling the machine, he entered into an agreement with his uncle who agreed to finance the project with a 50% share in the profits. To launch the machine, they decided to start with direct channels of distribution. They named the venture ‘Cup-a-Soup’. In the first year, their main objective was profit maximisation. They appointed 30 trained salesmen for distribution of the machine across the country. They offered incentives and awards to salesmen for achieving their sales targets.</b></p> <p><b>(a) Identify the marketing philosophy used by ‘Cup-a-soup’.</b></p> <p><b>(b) Identify the tool of promotion used by ‘Cup-a-Soup’.</b></p> <p><b>(c) For hiring the salesmen, state any two qualities ‘Cup-a-soup’ would have kept in mind.</b></p> <p><b>Ans. (a) Product concept</b></p> <p><b>(b) Personal Selling.</b></p> <p><b>(c) <u>Qualities of a good salesman</u>: (Any two)</b></p> <p><b>(i) A good salesman should have physical qualities such as pleasing and charming personality which creates a good impression on the customers.</b></p> <p><b>(ii) He/ she should be social, humble and cooperative.</b></p> <p><b>(iii) A salesman must possess imagination, foresight, presence of mind, good memory and initiative.</b></p> <p><b>(iv) He/ she should have full and updated knowledge about the product he is selling.</b></p> <p><b>(v) He/ she should have good communication skills.</b></p> <p><b>(vi) He must be honest and sincere in performing his duty.</b></p> <p><b>(vii) A salesman who is polite and courteous generates buyer’s confidence</b></p>	<p><b>1 mark for identifying the marketing philosophy</b></p> <p><b>+</b></p> <p><b>1 mark for identifying the tool of promotion</b></p> <p><b>+</b></p> <p><b>1 x 2</b></p> <p><b>=</b></p> <p><b>2 marks</b></p> <p><b>=</b></p> <p><b>1+1+2</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>
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			(viii) The salesman should have the convincing power to develop the belief in a customer that the product he is buying is the best.  <b>(or any other correct quality)</b>	
-	-	15	<p><b>Q. Explain the trading procedure on a stock exchange.</b></p> <p><u>Ans. Trading procedure on a stock exchange involves the following steps:</u></p> <p>(i) Selection of a broker</p> <p>(ii) Opening demat account with Depository</p> <p>(iii) Placing the order</p> <p>(iv) Executing the order and Settlement</p> <p><b>( ½ mark to be deducted if proper sequence has not been followed)</b></p> <p style="text-align: center;"><b><u>Alternate answer</u></b></p> <p><u>Trading procedure on a stock exchange involves the following steps:</u></p> <p>(i) Approach a registered broker and enter into an agreement with him to open a trading account</p> <p>(ii) Open a demat account with a Depository participant for holding and transferring securities in demat form and a bank account for cash transactions.</p> <p>(iii) Place an order with the broker to buy or sell shares.</p> <p>(iv) Executing the order by the broker.</p> <p>(v) Issue of a Contract Note containing details of number of shares bought/ sold, the price, date and time of deal and brokerage charges.</p> <p>(vi) Delivery of shares sold or payment of cash for the</p>	<p><b>½ mark for naming each step</b></p> <p>+</p> <p><b>½ mark for explanation</b></p> <p>=</p> <p><b>1 x 4</b></p> <p>=</p> <p><b>4 marks</b></p> <p><b>½ mark for each step</b></p> <p>=</p> <p><b>½ x 8</b></p> <p>=</p> <p><b>4 marks</b></p>

		<p>shares bought on the pay-in day.</p> <p>(vii) Settlement of the deal on the pay-out day i.e. T+2 day when the exchange will deliver the shares or payment to the broker. The broker will then make the payment to the investor.</p> <p>(viii) Delivery of shares and payment of cash by the broker to the investor.</p> <p><b>(If an examinee has not combined the steps as above but has given all the correct steps, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. Explain any four objectives of establishing Securities and Exchange Board of India.</b></p> <p><b><u>Objectives of SEBI are:</u></b></p> <p>(i) To <u>regulate stock exchanges</u> and the securities industry to <u>promote their orderly functioning</u>.</p> <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 a code of conduct</u> and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.</p>	<p><b>OR</b></p> <p><b>1 x 4</b></p> <p><b>=</b></p> <p><b>4 marks</b></p>
18	14	16	<p><b>Q. Xeno Ltd. is a global information technology consulting company with 45,000 employees serving over 600 clients in 23 countries. Its Chief Executive Officer, Mr Neil Suman guided the company</b></p>

		<p>through two decades of diversification and growth to emerge as one of the leading Indian companies in the software industry. The company has set standards in ensuring the best training opportunities for its employees.</p> <p>The Project Guidance Program is a 52 day structured training program offered to all recruits of varied backgrounds to be trained on essential behavioural and technical skills that prepares them to work in live customer projects. These recruits are hired from universities and management institutes for technical, professional as well as managerial jobs. It is to help the new employees in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business.</p> <p>(a) Identify the external sources of recruitment used by the company to hire new employees.  (b) Explain the method of training used by the company to train employees selected by the source of recruitment identified in part (a)  (c) State two ways in which the Project Readiness Program can benefit Xeno Ltd.</p> <p>Ans. (a) Campus Recruitment</p> <p>(b) <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>(c) <u>Ways in which Project Readiness Program can benefit Xeno Ltd.: (Any two)</u></p> <p>(i) Avoiding wastage of efforts and money as training is systematic learning, better than hit and trial methods.</p>	<p>1 mark for identifying the external source of recruitment</p> <p>+  [½ mark for identifying method of training  +  ½ mark for its explanation  = 1 mark]  +</p>
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			<p>(ii) Enhancing employee productivity both in terms of quantity and quality leading to higher profits.</p> <p>(iii) Equipping the future manager to take over in an emergency.</p> <p>(iv) Reducing employees' turnover as it increases employee morale and reduces absenteeism.</p> <p>(v) Helping the organisation in obtaining effective response in a fast changing environment</p>	<p><b>1 x 2</b> = <b>2 marks</b></p> <p>=</p> <p><b>1+1+2</b> = <b>4 marks</b></p>
-	-	17	<p><b>Q. State any four functions of labelling.</b></p> <p><b>Ans. <u>The various functions of labelling are: (Any four)</u></b></p> <p>(i) It <u>describes the product</u>, its usage, cautions in use etc. and <u>specifies its contents</u></p> <p>(ii) It <u>helps in identification of the product or brand</u> through common identification information like name and address of the manufacturer, net weight, manufacturing date, maximum retail price etc.</p> <p>(iii) It <u>helps in grading of products</u> into different categories to indicate different features or quality of the product.</p> <p>(iv) It helps in promotion of products by attracting attention and giving reasons for purchase as well as by offering sales promotion scheme launched by companies</p> <p>(v) It provides information required by law e.g. statutory warnings on products injurious to health, safety warnings on hazardous or poisonous material etc.</p> <p><b>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</b></p>	<p><b>1 x 4</b> = <b>4 marks</b></p>

			<b>OR</b>	<b>OR</b>
			<p><b>Q. State any four factors determining the choice of channels of distribution.</b></p> <p><u>Ans. Factors determining the choice of channels of distribution:</u></p> <p>(i) <u>Product related factors</u> include nature of the product, perishability, unit value and degree of complexity of the product.</p> <p>(ii) <u>Company characteristics</u> include financial strength of the company and degree of control of the company on channel members.</p> <p>(iii) <u>Competitive factors</u> include the policy of the company to go with or be different from the choice of channel selected by the competitors.</p> <p>(iv) <u>Market related factors</u> include size of market, geographical concentration of potential buyers and quantity purchased.</p> <p>(v) <u>Environmental factors</u> include prevailing economic conditions and legal constraints.</p> <p><b>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</b></p>	<p><b>1 x 4</b> <b>=</b> <b>4 marks</b></p>
19	16	18	<p><b>Q. Aditya Khosla, the Managing Director of ‘D.L.W. Ltd.’ and Rajesh Puri, the Finance Manager were discussing about the avenues of investing the idle funds of the company. Aditya Khosa was of the opinion that money should be invested in the capital market whereas Rajesh Puri, being more conservative, feels that it would be better if the investment was made in money market. Since the economy was buoyant, the Managing Director convinced Rajesh that they should take advantage of it and invest in the capital market to</b></p>	

		<p>get good returns. Ultimately it was decided to invest the idle funds in the capital market.</p> <p><b>(a) What kind of instruments should the company buy?</b></p> <p><b>(b) Why is the capital market expected to give a better return in a buoyant economy? State the reason.</b></p> <p><b>(c) Why and how safe are the securities in this market as compared to money market?</b></p> <p><b>Ans.</b> (a) Shares, debentures, bonds</p> <p>(b) Capital market is expected to give a better return in a buoyant economy as:</p> <p>(i) The securities are held for a longer duration</p> <p>(ii) There is a scope of earning capital gains on shares.</p> <p>(c) Securities in capital market are riskier with respect to return and principal repayment. Issuing company may fail to perform as promoters may defraud investors.</p>	<p><b>1 mark</b></p> <p>+</p> <p><b>[1 mark for each reason</b></p> <p>=</p> <p><b>1 x 2</b></p> <p><b>= 2 marks]</b></p> <p>+</p> <p><b>1 mark</b></p> <p>=</p> <p><b>1+2+1</b></p> <p>=</p> <p><b>4 marks</b></p>
14	18	19	<p><b>Damini D'souza took over the reins of 'Kinsa Retail' as its Managing Director in India. Kinsa Retail with its headquarters at Japan has been in retail business for the last 40 years. It has regional offices in many countries with each regional office taking care of the shops in that particular region. As it is a large organisation, the regional officers have been given the powers to decide and spend funds sanctioned to them by the headquarter for the welfare of the customers of their region.</b></p> <p><b>Kinsa Retail wants the highest possible standards of ethical conduct being followed for which a code of conduct is in place for putting values into practice.</b></p>

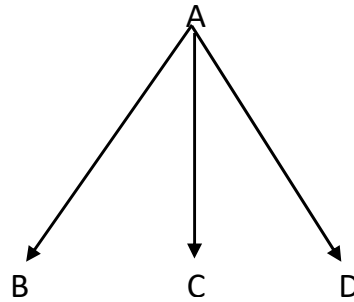
			<p><b>All employees as well as Board members are required to act in accordance with the highest standards of personal and professional integrity when acting on behalf of the company. Non-compliance involves a heavy penalty including termination of employment.</b></p> <p><b>State two principles of general management being followed by Kinsa Retail.</b></p> <p><u>Ans. Principles of General management being followed by Kinsa Retail are:</u></p> <p>(i) <b>Discipline</b> which refers to obedience to organizational rules and employment agreement that are necessary for the working of the organization. It requires good superiors at all levels, clear and fair agreement and judicious application of penalties.</p> <p>(ii) <b>Centralisation and Decentralisation</b> which suggests that there is a need to balance subordinate involvement through decentralisation with managers retention of final authority through centralisation.</p>	<p><b>1 mark each for identifying each principle + 1 mark for each explanation = 2 x 2 = 4 marks</b></p>
			<b>SECTION D</b>	
22	20	20	<p><b>Handsen is the CEO of Newcastle Enterprises, one of the world's most successful companies. His success stories have been well documented. He chooses highly motivated and capable managers who can perform their tasks creatively and adequately without his help. He allows the group members to work on their own tasks and resolve issues themselves.</b></p> <p><b>He intervenes, but only when needed to correct an unfavorable situation. He does not use power unless it is absolutely essential. He even allows mistakes to happen for his people to learn from them. He supports them and supplies them the required information to complete the assigned task.</b></p> <p><b>(a) Identify the leadership style adopted by Handsen.</b></p> <p><b>(b) With the help of a diagram, explain the other two leadership styles based on the use of authority.</b></p>	

**Ans. (a) Laissez Faire leadership style**

(b) The other two leadership styles based on the use of authority are:

**1 mark**

(i) Autocratic leadership style



**½ mark**

+

**½ mark**

A is the leader and B, C and D are the followers.

+

An autocratic leader gives orders and expects his subordinates to obey those orders.

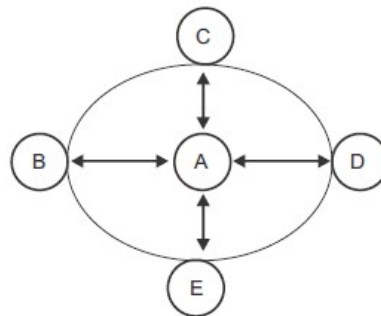
There is one-way communication with the subordinates who act according to the command given by the manager.

**1 mark**

=

**2 marks**

(ii) Democratic leadership style



**½ mark**

+

**½ mark**

+

In the above diagram, A is the leader and B, C, D and E are subordinates.

A democratic leader develops action plans and makes decisions in consultation with his subordinates. Such a leader recognises that people perform best if they set their own objectives.

**1 mark**

=

**1+2+2**

=

**5 marks**

-	-	21	<p><b>Q. What is meant by management? State any four functions of top level management.</b></p> <p><b>Ans.</b> Management is the process of getting things done with the aim of achieving goals effectively and efficiently.</p> <p style="text-align: center;"><b>(or any other correct meaning)</b></p> <p><u>Functions of the top level of management: (any four)</u></p> <ol style="list-style-type: none"> <li>1. To co-ordinate the activities of different departments.</li> <li>2. To be responsible for welfare and survival of the organisation.</li> <li>3. To analyse the business environment and its implications for the survival of the firm.</li> <li>4. To formulate overall organisational goals and strategies for their achievement.</li> <li>5. They are responsible for all the activities of the business and for its impact on the society.</li> </ol> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. What is meant by ‘coordination’? State its importance with the help of any four points.</b></p> <p><b>Ans.</b> Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.</p> <p><u>Importance of Co-ordination:</u></p> <p>(i) As the organisations <b>grow in size</b>, the number of people employed by the organisation increases. Hence coordination is needed to integrate their efforts and activities.</p> <p>(ii) Individuals differ in their habits of work, needs and behaviour and may have their own individual goals.</p>	<p><b>1 mark</b></p> <p><b>1 x 4</b> = <b>4 marks</b> = <b>1+4</b> = <b>5 marks</b></p> <p><b>OR</b></p> <p><b>1 mark</b></p> <p><b>1 x 4</b> =</p>
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		<p>Coordination is necessary to harmonize individual goals and organisational goals.</p> <p>(iii) <b>Functions of an organisation are divided into departments, divisions</b> and sections like finance, production, marketing etc. The activity of each department needs to be focused on attainment of common organisational goals. Coordination helps in linking the activities of various departments.</p> <p>(iv) Modern organisations have high degree of <b>specialisation</b>. Specialists usually think that they only are qualified to evaluate, judge and decide and do not take advice from others leading to conflict. Coordination helps in reconciling their differences.</p> <p><b>(If the examinee has stated all the above points in the following three headings (i) Growth in size; (ii) Functional Differentiation (iii) Specialisation, full credit is to be given)</b></p>	<p><b>4 marks</b></p> <p>=</p> <p><b>1+4</b></p> <p>=</p> <p><b>5 marks</b></p>	
20	22	22	<p><b>Q. Suman wanted to purchase a sandwich toaster. She checked about the various sandwich toasters available online and compared the prices so that an intelligent and wise choice could be made. Then she went to a nearby market to buy the sandwich toaster. Being an informed consumer, she looked for the correct standardisation mark. The shopkeeper showed her different toasters but was quoting higher price than the price she had checked online. After negotiating with the shopkeeper, she was able to bring the price down. As a responsible consumer, she asked for a cash memo against the amount paid for the product and took the toaster home. On opening the package, she found an instruction booklet, which she read carefully. Then she followed all instructions step by step and made nicely toasted paneer sandwiches for her family.</b></p> <p><b>(a) State the consumer responsibilities, which have been discharged by Suman besides asking for a cash memo.</b></p> <p><b>(b) Explain the two rights being discussed in the above case.</b></p>	

			<p><b>Ans.</b> Consumer responsibilities, which have been discharged by Suman besides asking for a cash memo: <b>(Any three)</b></p> <p>(i) <u>She was aware</u> about various goods and services available in the market and made an <u>intelligent and wise choice</u>.</p> <p>(ii) She bought <u>standardised product</u> as standardisation provides quality assurance.</p> <p>(iii) She <u>learnt</u> about the <u>risks</u> associated with product and <u>followed manufacturer's instructions</u></p> <p>(iv) She <u>asserted herself</u> to get a <u>fair deal</u>.</p> <p>(b) <u>Rights discussed in the above case are:</u></p> <p>(i) Right to choose</p> <p>(ii) Right to be informed</p> <p>(iii) Right to safety</p>	<p><b>1 x 3</b> = <b>3 marks</b></p> <p><b>½ mark for identifying the right</b> + <b>½ mark for its explanation</b> <b>1 x 2</b> = <b>2 marks</b> = <b>3+2</b> = <b>5 marks</b></p>
			<b>SECTION E</b>	
25	23	23	<p><b>India's craft heritage continues because of its customs and traditions. Crafts are used not only in the country by craftsmen in Rajasthan, Gujarat and Assam but are also exported to USA, Germany, UK and France. The volume of exports and imports give India an advantage in balance of payments and the much needed foreign exchange reserves. The Prime Minister desires that the handicraft industry should</b></p>	

		<p><b>be expanded by linking it with technology. Focus should be on changing the manufacturing process, ensuring durability and adapting innovations.</b></p> <p><b>Quoting the lines from the above para, explain four dimensions of the business environment.</b></p> <p><b>Ans. <u>Dimensions of business environment are:</u></b></p> <p>(a) <u>Social environment</u></p> <p><i>India's craft heritage continues because of its customs and traditions</i></p> <p>Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.</p> <p>(b) <u>Economic environment</u></p> <p><i>The volume of exports and imports give India an advantage in balance of payments and the much needed foreign exchange reserves</i></p> <p>Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise.</p> <p>(c) <u>Political environment</u></p> <p><i>The Prime Minister desires that the handicraft industry should be expanded by linking it with technology</i></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><b>½ mark for naming each dimension</b>  <b>+</b>  <b>½ mark for its explanation</b>  <b>+</b>  <b>½ mark for quoting the line</b>  <b>=</b>  <b>1 ½ x 4</b>  <b>=</b>  <b>6 marks</b></p>
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			<p>(d) <u>Technological environment</u></p> <p><i>Focus should be on changing the manufacturing process, ensuring durability and adapting innovations</i></p> <p>Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p>	
-	-	24	<p><b>Q. Describe any six non-monetary incentives that are used to motivate the employees to improve their performance.</b></p> <p><b>Ans. <u>Non-monetary incentives</u> (Any six):</b></p> <p><u>(i) Status.</u> It means ranking of positions in the organisations. The authority, responsibility, rewards, recognition etc of a job indicate the status given to a person.</p> <p><u>(ii) Organisational climate.</u> It indicates the characteristics which describe the organisation and distinguish one organisation from another. The positive measures regarding characteristics like individual autonomy, reward orientation develop better organisational climate.</p> <p><u>(iii) Career advancement opportunity.</u> It means providing an opportunity to employees to improve their skills to be promoted to higher level of jobs. Appropriate skill development programmes and sound promotion policy provide career advancement opportunity to the employees.</p> <p><u>(iv) Job enrichment.</u> It is concerned with designing jobs that include greater variety of work content and provide the opportunity for personal growth and a meaningful work experience.</p>	<b>OR</b>

		<p><u>(v) Employees recognition programme.</u> It means acknowledging and appreciating the work performed by the employees to motivate them to perform at higher levels.</p> <p><u>(vi) Job security.</u> It means providing stability y about the future income and work to the employees so that they do not feel worried on these aspects and work with greater zeal.</p> <p><u>(vii) Employee participation.</u> It means involving employees in decision making of the issues relating to them.</p> <p><u>(viii) Employee empowerment.</u> It means giving more autonomy and powers to the subordinates to make them feel that their jobs are important.</p> <p><b>(If an examinee has given only the heading, ½ mark for the heading should be awarded)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Q. ‘The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers.’ In the light of this statement, explain any six functions of a supervisor.</b></p> <p><b>Ans. <u>Functions of the supervisor:(Any six)</u></b></p> <p>(i) Maintains day to day contact</p> <p>(ii) Links the workers and the management</p> <p>(iii) Helps in maintaining group unity</p> <p>(iv) Ensures performance of work</p> <p>(v) Provides on the job training</p>	<p><b>½ mark for the heading</b> + <b>½ mark for explanation</b> = <b>1 x 6</b> = <b>6 marks</b></p>
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			<p>(vi) Builds high morale amongst the workers</p> <p>(vii) Gives feedback to the workers</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)</b></p>	
23	24	25	<p><b>Q. Saurabh Jain set up a telecom business in Nasik ‘Ketone’ with an ambitious target of reaching out to 90% of the Indian population within one year. He chose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years.</b></p> <p><b>To fulfill such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition.</b></p> <p><b>He assessed the proposals of different companies vis-à-vis earnings per share, taxes, dividends paid etc. and their future projections knowing fully well that the projections may change if the country’s economic policies get modified.</b></p> <p><b>The above paragraph discusses some of the steps of one of the functions of management. By quoting the lines from the above paragraph, explain these steps in chronological order.</b></p> <p><b>Ans. <u>Steps discussed in the above case are:</u></b></p> <p><b>(i) <u>Setting objectives</u></b></p> <p><i>‘Saurabh Jain set up a telecom business in Nasik ‘Ketone’ with an ambitious target of reaching out to 90% of the Indian population within one year’</i></p> <p>Objectives may be set for the entire organisation and each department or unit within the organisation. They specify what the organisation wants to achieve.</p> <p><i>(or any other suitable explanation)</i></p>	<p><b>½ mark for naming each step + ½ mark for quoting the line</b></p>

		<p>(ii) <u>Developing premises</u></p> <p><i>'He chose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years'</i></p> <p>A manager is required to make certain assumptions about the future called premises. Assumptions are the base material upon which plans are to be drawn.</p> <p><i>(or any other suitable explanation)</i></p> <p>(iii) <u>Identifying alternative courses of action</u></p> <p><i>'To fulfill such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition'</i></p> <p>As there may be many ways to achieve the objectives, all the alternative courses of action should be identified and thoroughly discussed.</p> <p><i>(or any other suitable explanation)</i></p> <p>(iv) <u>Evaluating alternative courses</u></p> <p><i>'He assessed the proposals of different companies vis-à-vis earnings per share, taxes, dividends paid etc and their future projections knowing fully well that the projections may change if the country's economic policies get modified'</i></p> <p>The pros and cons of each alternative are weighed in the light of the objective to be achieved, their feasibility and consequences.</p> <p><i>(or any other suitable explanation)</i></p> <p><b>(If an examinee has not given the headings of the steps as above but has given the correct explanations, full credit should be given)</b></p>	<p style="text-align: center;">+</p> <p style="text-align: center;"><b>½ mark for its explanation</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>1 ½ x 4</b></p> <p style="text-align: center;">=</p> <p style="text-align: center;"><b>6 marks</b></p>
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