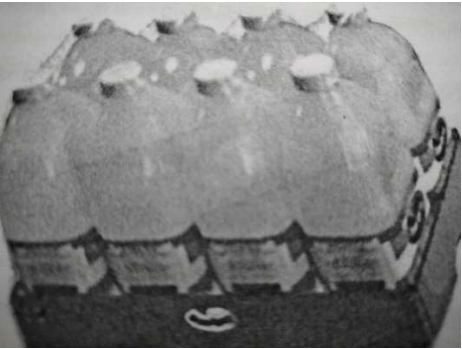


## MARKING SCHEME

Senior Secondary School Supplementary Exam, July 2024

**BUSINESS STUDIES (Subject Code — 054)**

[ Paper Code — 66/S/1]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p><b>Q. The level(s) of packaging shown in the picture given below is/are:</b></p>  <p><b>(A) Primary level only</b> <b>(B) Primary and secondary levels</b> <b>(C) Primary, secondary and transportation packaging levels</b> <b>(D) Primary and transportation packaging levels</b></p> <p><b>Ans. (D) Primary and transportation packaging levels</b></p>	1 mark
2.	<p><b>Q. Aparna and Priyanka are working in ‘Shreya Industries’, a company dealing in readymade garments for women. Each of them was assigned the responsibility of producing 10 dresses each within 5 days at a cost of ₹ 1,000 per dress. Aparna was able to produce 10 dresses at a cost of ₹ 1,100 per dress within 5 days, whereas Priyanka was able to produce only 8 dresses at a cost of ₹ 900 per dress in 5 days.</b></p> <p><b>Which of the following statements is correct with respect to the above?</b></p> <p><b>(A) Aparna is efficient but Priyanka is effective.</b> <b>(B) Aparna is effective but Priyanka is efficient.</b> <b>(C) Both Aparna and Priyanka are effective.</b> <b>(D) Both Apana and Priyanka are efficient.</b></p>	

	<b>Ans. (B)</b> Aparna is effective but Priyanka is efficient.	<b>1 mark</b>
<b>3.</b>	<p><b>Q. Which of the following options denotes the correct sequence of steps in the process of 'Organizing function of management?'</b></p> <p><b>(A) Departmentalisation → Identification and division of work → Establishing authority and reporting relationships → Assignment of duties</b></p> <p><b>(B) Departmentalisation → Identification and division of work → Assignment of duties → Establishing authority and reporting relationships</b></p> <p><b>(C) Identification and division of work → Establishing authority and reporting relationships → Assignment of duties → Departmentalisation</b></p> <p><b>(D) Identification and division of work → Departmentalisation → Assignment of duties → Establishing authority and reporting relationships</b></p> <p><b>Ans. (D)</b> Identification and division of work → Departmentalisation → Assignment of duties → Establishing authority and reporting relationships</p>	<b>1 mark</b>
<b>4.</b>	<p><b>Q. Which of the following is not a function of middle level management?</b></p> <p><b>(A) To interpret the policies framed by the top management</b></p> <p><b>(B) To ensure that their department has the necessary personnel</b></p> <p><b>(C) To coordinate the activities of different departments</b></p> <p><b>(D) To assign necessary duties and responsibilities to the personnel in their departments</b></p> <p><b>Ans. (C)</b> To coordinate the activities of different departments</p>	<b>1 mark</b>
<b>5.</b>	<p><b>Q. 'If there is a fixed place for everything and it is present there, then there will be no hindrance in the activities of business/factory.'</b></p> <p><b>The principle of management that is highlighted in the above statement is:</b></p>	

	<p>(A) Discipline (B) Order (C) Unity of direction (D) Esprit de corps</p> <p>Ans. (B) Order</p>	<p>1 mark</p>
<p>6.</p>	<p><b>Q. Statement I:</b> As per the Consumer Protection Act, 2019, the District Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration does not exceed ₹ 10 crores.</p> <p><b>Statement II:</b> If any of the parties is not satisfied by the order of the District Commission, they can appeal against such order to the State Commission on the grounds of facts or law within a period of forty-five days from the date of order.</p> <p>Choose the correct option from the following:</p> <p>(A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the Statements are true. (D) Both the Statements are false.</p> <p>Ans. (B) Statement II is true and Statement I is false.</p>	<p>1 mark</p>
<p>7.</p>	<p><b>Q. ‘V.K. Public School’</b> had a vacancy for an English teacher for Class XII. After preliminary screening of the applications, they shortlisted 10 candidates. Now, the school management asked the candidates to give a demonstration lesson related to the curriculum of Class XII. The purpose of these demonstration lessons was to measure the existing teaching skills of the candidates and proficiency in the area of profession. Identify the type of selection test used by ‘V.K. Public School’ in the above case:</p> <p>(A) Aptitude test (B) Intelligence test (C) Trade test (D) Personality test</p>	

	<b>Ans. (C) Trade test</b>	<b>1 mark</b>
<b>8.</b>	<p><b>Q. The purpose of the principle of 'unity of command" is that:</b></p> <p><b>(A) It avoids dual subordination.</b></p> <p><b>(B) It subordinates individual interests to organizational interests.</b></p> <p><b>(C) It promotes a team spirit of unity and harmony among employees.</b></p> <p><b>(D) It concentrates decision-making authority at the top level.</b></p> <p><b>Ans. (A) It avoids dual subordination.</b></p>	<b>1 mark</b>
<b>9.</b>	<p><b>Q. Which of the following statements is correct for 'short term investment decisions' ?</b></p> <p><b>(A) They affect the earning capacity of a business in the long run.</b></p> <p><b>(B) These decisions normally involve huge amounts of investment.</b></p> <p><b>(C) These decisions affect the liquidity as well as profitability of a business.</b></p> <p><b>(D) They are irreversible except at a huge cost.</b></p> <p><b>Ans. (C) These decisions affect the liquidity as well as profitability of a business.</b></p>	<b>1 mark</b>
<b>10.</b>	<p><b>Q. The management should not close its ears to any constructive suggestions made by the employees but reward them for their suggestions which results in substantial reduction in costs.</b></p> <p><b>Which principle of scientific management is discussed in the above statement?</b></p> <p><b>(A) Science, Not Rule of Thumb</b></p> <p><b>(B) Harmony, Not Discord</b></p> <p><b>(C) Cooperation, Not Individualism</b></p> <p><b>(D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity</b></p>	

	<b>Ans. (C) Cooperation, Not Individualism</b>	<b>1 mark</b>
<b>11.</b>	<p><b>Q. <i>Statement I:</i> Shareholders' funds involve commitment regarding the payment of returns or the repayment of capital.</b></p> <p><b><i>Statement II :</i> Debt is considered to be the cheapest of all the sources of funds and tax deductibility of interest makes it still cheaper.</b></p> <p><b>Choose the correct option from the following:</b></p> <p><b>(A) Statement I is true and Statement II is false.</b></p> <p><b>(B) Statement II is true and Statement I is false.</b></p> <p><b>(C) Both the Statements are true.</b></p> <p><b>(D) Both the Statements are false.</b></p> <p><b>Ans. (B) Statement II is true and Statement I is false.</b></p>	<b>1 mark</b>
<b>12.</b>	<p><b>Q. Prakhar Ltd. is the manufacturer of life-saving drugs. There was an outbreak of flu two years back that spread quickly and affected many people. Prakhar Ltd. made huge investment on research and development and was able to develop a medicine for the same. The medicine was very effective in controlling the flu and now it has become a necessity for the patients. As a result, the demand for the medicine increased manifold. Considering the demand, the company increased the price of the medicine. The government observed the situation. Since it was the only available medicine to combat flu, the Government declared it as an essential medicine and regulated its price to make it affordable for the public.</b></p> <p><b>From the following, identify the factor(s) affecting the determination of price discussed in the above case:</b></p> <p><b>(i) Product cost</b></p> <p><b>(ii) Marketing methods used</b></p> <p><b>(iii) Utility and demand</b></p> <p><b>(iv) Government and legal regulations</b></p> <p><b>(A) (iv) only</b></p> <p><b>(B) (i), (iii) and (iv)</b></p> <p><b>(C) (iii) and (iv)</b></p>	

	<p><b>(D) (i), (ii) and (iii)</b></p> <p>Ans.(B) (i), (iii) and (iv)</p>	<b>1 mark</b>
13.	<p><b>Q. Techpack Ltd. is a company in Hyderabad that produces and sells packaging material to various industries across the nation in a B2B e-business form. It is a dynamic company. Over the years, due to rising concerns for climate change and shift of preferences of Indian customers towards environment-friendly products, the company has shifted to the production of biodegradable packaging material. Moreover, due to its digital transformation, the company has tremendously benefited as its customers could place orders and make cashless payments in various online modes.</b></p> <p><b>The dimensions of business environment discussed in the above case are</b></p> <p><b>(A) Economic and social environments</b>  <b>(B) Social and technological environments</b>  <b>(C) Technological and economic environments</b>  <b>(D) Social and political environments</b></p> <p>Ans. (B) Social and technological environments</p>	<b>1 mark</b>
14.	<p><b>Q. Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from the options given below:</b></p> <p><b>Assertion (A): While taking dividend decision, the extent of retained earnings also influences the financing decision of the firm.</b></p> <p><b>Reason (R): The firm does not require funds to the extent of re-invested retained earnings.</b></p> <p><b>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</b>  <b>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion</b></p>	

	<p><b>(A).</b>  <b>(C) Assertion (A) is true, but Reason (R) is false.</b>  <b>(D) Assertion (A) is false, but Reason (R) is true.</b></p> <p><b>Ans. (A)</b> Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p>	<b>1 mark</b>
15.	<p><b>Q. As per the Consumer Protection Act, 2019, the consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.</b></p> <p><b>The consumer right being referred to here is _____ :</b>  <b>(A) Right to Safety</b>  <b>(B) Right to be Heard</b>  <b>(C) Right to be Informed</b>  <b>(D) Right to Seek Redressal</b></p> <p><b>Ans. (B)</b> Right to be Heard</p>	<b>1 mark</b>
16.	<p><b>Q. Ashok Industries Ltd. is a company manufacturing components for automobile industries. In this company, standards have been set for every manufacturing activity including standardisation of process, raw material, time, product, machinery and methods which must be adhered to during production. This has been done to bring excellence in quality of the materials produced. The foreman of the company, Mehra, has designed the jobs of the workers in such a manner that unnecessary movements are eliminated and it takes less time to complete the jobs efficiently. He has also scientifically analysed the duration and frequency of rest intervals that should be provided to the workers in the factory so that they can regain stamina and work efficiently.</b></p> <p><b>Out of the following, which technique of scientific management has not been discussed in the above paragraph?</b>  <b>(A) Fatigue study</b>  <b>(B) Method study</b>  <b>(C) Motion study</b>  <b>(D) Standardisation and simplification</b></p>	

	Ans. (B) Method Study	1 mark						
17.	<p><b>Q. Prashant started a grocery retail business. Due to increasing popularity of online shopping, the degree of competition is very high in this business. His requirement of working capital will be high as he would have to hold larger stocks of finished goods to meet urgent orders from customers. The factor affecting the requirement of working capital is:</b></p> <p><b>(A) Availability of raw material</b>  <b>(B) Scale of operations</b>  <b>(C) Level of competition</b>  <b>(D) Inflation</b></p> <p>Ans. (C) Level of competition</p>	1 mark						
18.	<p><b>Q. In T-pex Ltd, a company trading in stationery items, it was decided that all purchases would be made from AK Ltd. on credit basis with credit period of at least 7 days. This was done because no other company was offering credit facility. Which type of plan has been referred to in the above paragraph?</b></p> <p><b>(A) Rule</b>  <b>(B) Policy</b>  <b>(C) Method</b>  <b>(D) Strategy</b></p> <p>Ans. (B) Policy</p>	1 mark						
19.	<p><b>Q. Match the explanation of different sources of external recruitment given in Column I with the sources given in Column II.</b></p> <table border="1"> <thead> <tr> <th><i>Column I</i></th> <th><i>Column II</i></th> </tr> </thead> <tbody> <tr> <td>1 Websites designed and dedicated for the purpose of providing information about both, job seekers and job openings</td> <td>(i) Casual Callers</td> </tr> <tr> <td>2. Liaison of business houses with the educational institutes to</td> <td>(ii) Web Publishing</td> </tr> </tbody> </table>	<i>Column I</i>	<i>Column II</i>	1 Websites designed and dedicated for the purpose of providing information about both, job seekers and job openings	(i) Casual Callers	2. Liaison of business houses with the educational institutes to	(ii) Web Publishing	
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20.	<p>Choose the correct option from the following:</p> <p>(A) 1-(iii), 2-(i), 3-(iv), 4-(ii)  (B) 1-(i), 2-(iii), 3-(iv), 4-(ii)  (C) 1-(ii),2-(iv), 3-(i), 4-(iii)  (D) 1-(ii), 2-(iii),3-(iv), 4-(i)</p> <p>Ans. (D) 1-(ii), 2-(iii), 3-(iv), 4-(i)</p>	1 mark						
21.	<p><b>Q. When the products are sold by a manufacturer to the end consumer without involving any intermediary, the type of channel of distribution used is:</b></p> <p>(A) Zero level channel  (B) One level channel  (C) Two level channel  (D) Three level channel</p> <p>Ans. (A) Zero level channel</p> <p><b>Q. A popular magazine published an article on job cuts across the globe. It stated that due to reasons like cost cutting, market conditions and technological advancement, almost two lakh people in the IT sector have lost their jobs during the last year.</b></p> <p><b>This was read and discussed by employees of Techwire Ltd. a software development company in India. It created a lot of unrest among them and their morale came down. The productivity of the employees started declining. The Chief Executive Officer of the company observed the insecurity among the staff about their jobs. Understanding his role as the leader, he wrote an e-mail to all the</b></p>	1 mark						

	<p><b>employees assuring them about the stability of their future income and job. This communication gave the employees psychological and emotional satisfaction and showed positive results in terms of their performance. The Chief Executive Officer was able to make the subordinates act in a desired manner to achieve the organizational goals, without giving them any monetary incentives.</b></p> <p><b>(i) Identify and explain the incentive used by the Chief Executive Officer to improve the performance of the employees.</b></p> <p><b>(ii) State the need of the employees as per Maslow's Hierarchy of Needs theory which was satisfied in the above case.</b></p> <p><b>Ans.</b></p> <p><b>(i) <u>Job Security</u></b> It is a non-monetary incentive in which employees are given certain stability about the future income and work so that they do not feel worried on these aspects and work with greater zeal.</p> <p><b>(ii) As per Maslow's Need Hierarchy theory, <u>Safety and Security needs</u> of the employees were satisfied in the above case which include providing security and protection from physical and emotional harm.</b></p>	<p>1 mark for identifying the incentive + 1 mark for explanation + 1 mark for stating the need = 1+1+1 = <b>3marks</b></p>
22.	<p><b>(a) Q. Explain 'Democratic (Participative) style of leadership'.</b></p> <p><b>Ans. <u>Democratic (Participative) style of leadership</u></b></p> <ul style="list-style-type: none"> <li>• Democratic style of leadership is one in which the leader develops action plans and takes decisions in consultation with his subordinates.</li> <li>• A democratic leader will encourage the subordinates to participate in decision-making.</li> <li>• He exercises control by using forces within the group.</li> </ul> <p style="text-align: center;"><b>OR</b></p>	<p>= 1 x 3 = <b>3 marks</b></p> <p style="text-align: center;"><b>OR</b></p>

	<p><b>(b) Q. ‘An intelligent manager should make use of positive aspects of informal channels and minimise the use of negative aspects of this channel of communication.’</b></p> <p><b>In the light of the above statement, explain any one positive and any two negative aspects of informal channels of communication.</b></p> <p><b>Ans.</b></p> <p><u>Positive aspects of informal channel of communication</u> (any one)</p> <ul style="list-style-type: none"> <li>• Informal channels carry information rapidly and may be useful to the manager at times.</li> <li>• Informal channels are used by the managers to transmit information and know the reactions of his/her subordinates.</li> </ul> <p><u>Negative aspects of informal channel of communication (any two)</u></p> <ul style="list-style-type: none"> <li>• The informal communication spreads rapidly but sometimes gets distorted.</li> <li>• It is very difficult to detect the source of such communication.</li> <li>• It also leads to generate rumours and sometimes may hamper work environment.</li> </ul>	<p>1 +</p> <p>1 x 2</p> <p>= 1 + 2 = <b>3 marks</b></p>
<p><b>23.</b></p>	<p><b>Q. Dhiren Patel is the Chief Executive Officer of a milk processing company. He is a very effective manager. He is quite organized in his work and exhibits exemplary behaviour.</b></p> <p><b>Dhiren Patel insists that all managers and subordinates in the organization should follow a chain of authority that runs from top to bottom for all communication purposes.</b></p> <p><b>Identify and explain the general principle of management highlighted in the above case.</b></p> <p><b>Ans.</b> Scalar Chain_</p> <p><u>Explanation of Scalar Chain</u></p>	<p>1 mark for identifying</p> <p>+</p>

	<ul style="list-style-type: none"> <li>• The formal lines of authority, i.e., a chain of authority and communication that runs from top to bottom is known as scalar chain.</li> <li>• The scalar chain should not be violated in the normal course of formal communication. However, if there is an emergency, a shorter route known as Gang Plank may be used so that communication may not be delayed.</li> </ul>	<p>2 marks for explanation</p> <p><b>= 3marks</b></p>
<p><b>24.</b></p>	<p><b>(a) Q. State any three factors affecting financing decision.</b></p> <p><b>Ans. Factors affecting financing decision (any three):</b></p> <p>(i) <u>Cost</u>: The cost of raising funds through different sources are different and a prudent financial manager would normally opt for a source which is the cheapest.</p> <p>(ii) <u>Risk</u>: The risk associated with each of the sources is different.</p> <p>(iii) <u>Floatation Cost</u>: Higher the floatation cost, less attractive the source.</p> <p>(iv) <u>Cash Flow Position</u>: A stronger cash flow position may make debt financing more viable than funding through equity.</p> <p>(v) <u>Fixed operating costs</u>: If a business has high fixed operating costs, it must reduce fixed financing costs, thus, lower debt financing is better.</p> <p>(vi) <u>Control Considerations</u>: Issues of more equity may lead to dilution of management’s control over the business while debt financing has no such implication.</p> <p>(vii) <u>State of capital market</u>: State of the capital market may also affect the choice of source of fund as during the period when stock market is rising, more people invest in equity, whereas depressed capital market may</p>	<p>= 1 x 3</p> <p><b>= 3 marks</b></p>

	<p>make issue of equity shares difficult for any company.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Q. State any three protective functions of Securities and Exchange Board of India.</b></p> <p><b>Ans. <u>Protective functions of SEBI</u> (any three):</b></p> <p>(a) It prohibits fraudulent and unfair trade practices like misleading statements, manipulations, price rigging etc.</p> <p>(b) It controls insider trading and imposes penalties for such practices.</p> <p>(c) It undertakes steps for investor protection.</p> <p>(d) It promotes fair practices and code of conduct in securities market.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p style="text-align: center;"><b>OR</b></p> <p style="text-align: center;">= 1 x 3</p> <p style="text-align: center;"><b>= 3 marks</b></p>
<p>25.</p>	<p><b>Q. Ishaan wanted to buy five litres of mustard oil. Before he went to the market, he surfed the Internet to find out about the various brands of mustard oil available in the market. On visiting the retail shop, he could find five different brands of mustard oil but to his surprise, only one of them had 'FSSAI' certification mark, which he decided to buy. He read the label on the oil container to find out the price and weight of the oil. While paying for the oil he ensured that the cashier gave him the cash memo.</b></p> <p><b>Ishaan was a responsible consumer. State any four responsibilities that Ishaan kept in mind while purchasing the mustard oil.</b></p> <p><b>Ans. <u>Responsibilities that Ishaan kept in mind while purchasing mustard oil:</u></b></p> <p>(i) <u>Be aware</u> about various goods and services available in the market so that an intelligent and wise choice can be made.</p>	

	<p>(ii) <u>Buy only standardised goods</u> as they provide quality assurance and look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewellery etc.</p> <p>(iii) <u>Read labels carefully</u> so as to have information about prices, net weight, manufacturing and expiry dates, etc.</p> <p>(iv) Ask for a <u>cash memo</u> on purchase of goods or services. This would serve as a proof of the purchase made.</p> <p><b>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</b></p>	<p>= 1 x 4 = 4 marks</p>																
<p>26.</p>	<p><b>Q. Anmol Pathak, a restaurant owner, observed that over a period of one year, the costs of raw material, transportation and packaging had increased. As a result the total cost had increased by 15%. He thought that it was not easy to keep a check on each and every activity in the organisation, so he decided to study deeply the increase in these three costs. He prepared a table of acceptable and actual increase in cost as given below:</b></p> <table border="1" data-bbox="272 1159 1188 1482"> <thead> <tr> <th><i>S.No.</i></th> <th><i>Expense</i></th> <th><i>Acceptable increase in cost</i></th> <th><i>Actual increase in cost</i></th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Raw material</td> <td>4%</td> <td>7%</td> </tr> <tr> <td>2.</td> <td>Transportation</td> <td>10%</td> <td>8%</td> </tr> <tr> <td>3.</td> <td>Packaging</td> <td>10%</td> <td>20%</td> </tr> </tbody> </table> <p><b>Explain the two concepts related to a function of management that will be used by Anmol Pathak to analyse the deviations.</b></p> <p><b>Ans. (a) <u>Critical Point Control</u></b></p> <ul style="list-style-type: none"> <li>• Critical Point Control focuses on key result areas which are critical to the success of an organisation since it is neither economical nor easy to keep a check on each and every activity of the organisation.</li> </ul>	<i>S.No.</i>	<i>Expense</i>	<i>Acceptable increase in cost</i>	<i>Actual increase in cost</i>	1.	Raw material	4%	7%	2.	Transportation	10%	8%	3.	Packaging	10%	20%	<p>1 mark for naming + 1 mark for explanation</p>
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1.	Raw material	4%	7%															
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	<p><b>(b) Management by Exception</b></p> <ul style="list-style-type: none"> <li>• Management by Exception states that only significant deviations which go beyond the permissible limit should be brought to the notice of the management for corrective action.</li> </ul>	<p>= 2 x 2 = 4 marks</p>												
27.	<p><b>Q. Give the meaning of Capital Market. Distinguish between Capital Market and Money Market on the basis of the following:</b></p> <p><b>(i) Participants</b> <b>(ii) Duration</b> <b>(iii) Investment outlay</b></p> <p><u>Ans. Meaning of Capital Market</u> Capital Market refers to facilities and institutional arrangements through which long term funds, both debt and equity, are raised and invested.</p> <p><u>Distinction between Capital Market and Money Market</u></p> <table border="1" data-bbox="237 1339 1214 1896"> <thead> <tr> <th data-bbox="237 1339 480 1381">Basis</th> <th data-bbox="480 1339 854 1381">Capital Market</th> <th data-bbox="854 1339 1214 1381">Money Market</th> </tr> </thead> <tbody> <tr> <td data-bbox="237 1381 480 1598">(i) Participants</td> <td data-bbox="480 1381 854 1598">The participants are financial institutions, banks, corporates, foreign investors and retail investors.</td> <td data-bbox="854 1381 1214 1598">The participants are RBI, financial institutions, banks, corporates,</td> </tr> <tr> <td data-bbox="237 1598 480 1730">(ii) Duration</td> <td data-bbox="480 1598 854 1730">It deals in medium term and long term securities.</td> <td data-bbox="854 1598 1214 1730">It deals in short term securities</td> </tr> <tr> <td data-bbox="237 1730 480 1896">(iii) Investment outlay</td> <td data-bbox="480 1730 854 1896">It does not necessarily require a huge financial outlay as the value of units</td> <td data-bbox="854 1730 1214 1896">The transactions entail huge sums of money as the</td> </tr> </tbody> </table>	Basis	Capital Market	Money Market	(i) Participants	The participants are financial institutions, banks, corporates, foreign investors and retail investors.	The participants are RBI, financial institutions, banks, corporates,	(ii) Duration	It deals in medium term and long term securities.	It deals in short term securities	(iii) Investment outlay	It does not necessarily require a huge financial outlay as the value of units	The transactions entail huge sums of money as the	<p>1 Mark</p> <p>+</p> <p>=1 x 3 = 3 marks</p> <p>=1+3 = 4 marks</p>
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	of securities is generally low.	instruments are quite expensive.	
28.	<p><b>Q. (a) Explain any four points of importance of 'Controlling' function of management.</b></p> <p><b>Ans. Importance of 'Controlling' function of management (any four):</b></p> <p>(a) Accomplishes organizational goals  (b) Makes efficient use of resources  (c) Ensures order and discipline  (d) Improves employees motivation  (e) Judges the accuracy of standards  (f) Facilitates coordination</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Q. Explain the relationship between 'Planning' and 'Controlling' with the help of any four points.</b></p> <p><b>Ans. Relationship between 'Planning' and 'Controlling'</b></p> <p>(i) <u>Controlling takes place on the basis of standards developed by planning</u> because if the standards are not set in advance, managers have nothing to control.</p> <p>(ii) <u>Planning without controlling is meaningless</u> because once a plan becomes operational, controlling ensures that events conform to the plans.</p> <p>(iii) <u>Planning is prescriptive whereas controlling is evaluative</u> because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions.</p> <p>(iv) <u>Planning and controlling both are forward looking and looking back.</u> They are forward looking because while plans are</p>	<p>½ mark for naming  +  ½ mark for explanation  = 1 X 4  = <b>4 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p>1 mark  = 1 x 4  = <b>4 marks</b></p>	

prepared for the future, controlling seeks to improve the future on the basis of the past experience. They both are looking back because as while planning is guided by past experiences, controlling compares the actual performance with the standards set in the past.

**(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)**

29.

**Q. Silk Ltd. had an EPS of ₹1. It raised a loan of ₹10 lakhs at an interest rate of 10% p.a. from a bank. After one year, the results were as follows:**

<i>Details</i>	<i>Amount</i>
<b>Equity (Shareholders' Funds) (2,00,000 shares of ₹ 10 each)</b>	<b>₹ 20 Lakh</b>
<b>10% Loan</b>	<b>₹ 10 Lakh</b>
<b>Earning Before Interest and Tax (EBIT)</b>	<b>₹ 6 Lakh</b>
<b>Earning Per Share (EPS)</b>	<b>₹ 2</b>

**Tax rate 20%.**

**(i) Why did EPS in Silk Ltd. rise with the use of debt?**

**(ii) If EBIT of the company would have been ₹ 3 lakh, would using debt still be favourable for the company?**

**Explain.**

**Ans** (i) The EPS in Silk Ltd. rose with the use of debt because the cost of debt is lower than the return that the company is earning on funds employed (ROI) which is known as Trading on Equity/ Favourable Financial Leverage.

(ii) If EBIT of the company would have been ₹3 lakhs, using debt would not have been favourable for the company.

Explanation

- It is unfavourable for the company because the company's rate of return on investment (ROI) is not more than the cost

1 mark

+

1 mark

+

2 marks for explanation

	<p>of debt.</p> <ul style="list-style-type: none"> <li>• The ROI of the company is <math>(\frac{3 \text{ lakh}}{30 \text{ lakh}}) \times 100</math> i.e. 10 %, and the interest rate on debt is also 10%.</li> <li>• In such a case, the EPS will be reduced to ₹0.8. This is a situation of unfavourable financial leverage.</li> </ul> <p><i>Alternative explanation</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">EBIT</td> <td style="width: 30%;">3,00,000</td> <td style="width: 10%;"></td> </tr> <tr> <td>Less: Interest @ 10%</td> <td>(1,00,000)</td> <td></td> </tr> <tr> <td>EBT</td> <td>2,00,000</td> <td>= 1+ 1+2</td> </tr> <tr> <td>Less: Tax@20 %</td> <td>(40,000)</td> <td></td> </tr> <tr> <td>EAT</td> <td>1,60,000</td> <td>= 4 marks</td> </tr> <tr> <td>No. of shares</td> <td>2,00,000</td> <td></td> </tr> <tr> <td>EPS</td> <td>₹ 0.8</td> <td></td> </tr> </table> <p>Since EPS is falling, it is unfavourable.</p>	EBIT	3,00,000		Less: Interest @ 10%	(1,00,000)		EBT	2,00,000	= 1+ 1+2	Less: Tax@20 %	(40,000)		EAT	1,60,000	= 4 marks	No. of shares	2,00,000		EPS	₹ 0.8		
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30.	<p><b>Q. (a) Explain the following methods of training:</b></p> <p><b>(i) Vestibule training</b></p> <p><b>(ii) Internship training</b></p> <p><b>Ans. (i) <u>Vestibule training</u></b></p> <ul style="list-style-type: none"> <li>• It is a method of training in which employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor.</li> <li>• This method is used when employees are required to handle sophisticated machinery and equipment.</li> </ul> <p><b>(ii) Internship training</b></p> <ul style="list-style-type: none"> <li>• It is a joint programme of training in which educational institutions and business firms cooperate.</li> <li>• Selected candidates carry on regular studies for the prescribed period and also work in some factory or office to acquire practical knowledge and skills.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Q. Explain any four features of ‘Directing’ function of management.</b></p>	<p style="text-align: center;">2</p> <p style="text-align: center;">+</p> <p style="text-align: center;">2</p> <p style="text-align: center;">= 4 marks</p> <p style="text-align: center;"><b>OR</b></p>																					

	<p>Ans. <u>Features of 'Directing' function of management:</u></p> <p>(a) Initiates action  (b) Takes place at every level of management  (c) Continuous process  (d) Flows from top to bottom</p> <p><b>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</b></p>	<p>½ mark for naming + ½ mark for its explanation</p> <p>= 1 x 4  = 4 marks</p>
<p>31.</p>	<p><b>Q. BJ Pvt. Ltd. is a company manufacturing organic shampoos with the brand name 'Pure Shine'. This name will help the company in creating product differentiation. To satisfy the needs of the customers in the target market the company used natural ingredients like curry leaves, neem, rice, etc. The focus of the company is on satisfaction of customers needs. To have higher demand of shampoo it decided to fix a lower price in comparison to the other shampoos available in the market. To inform the customers about the shampoo and its features etc., the company used various promotional tools. For maximum satisfaction of customers, the company provides the contact details of the customer care centre to handle customer complaints. Identify and explain any three functions of marketing discussed in the above paragraph.</b></p> <p>Ans. <u>Functions of marketing</u> (any three):</p> <p>(i) <u>Branding</u>  Branding is the process of giving a name to a product which helps in distinguishing the product of a firm with that of the competitor.</p> <p>(ii) <u>Pricing</u>  Pricing refers to determining the price of a product, i.e., the amount of money customers have to pay to obtain a product.</p> <p>(iii) <u>Promotion</u>  Promotion of products and services involves informing</p>	<p>½ mark for identification + 1 ½ marks for explanation</p> <p>= 2 x 3</p>

	<p>the customers about the firm's product, its features, etc. and persuading them to purchase these products</p> <p>(iv) <u>Customer Support Services</u> Customer support services include providing after-sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information to provide maximum satisfaction to the customers.</p>	<p>= <b>6 marks</b></p>
<p>32.</p>	<p><b>Q. (a) Explain any four points that highlight the significance of business environment.</b></p> <p>Ans. <u>Significance of Business Environment (any four)</u></p> <ul style="list-style-type: none"> <li>(i) Enables the firm to identify opportunities and getting the first mover advantage</li> <li>(ii) Helps the firm to identify threats and early warning signals</li> <li>(iii) Helps in tapping useful resources</li> <li>(iv) Helps in assisting in planning and policy formulation</li> <li>(v) Helps in coping with rapid changes</li> <li>(vi) Helps in improving performance</li> </ul> <p>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</p> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Q. Explain any four points of significance of management for an organization.</b></p> <p>Ans <u>Significance of management (any four):</u></p> <ul style="list-style-type: none"> <li>(i) Helps in achieving group goals.</li> <li>(ii) Increases efficiency</li> <li>(iii) Creates a dynamic organisation</li> </ul>	<p>½ mark for naming + 1 mark for explanation</p> <p>= 1 ½ x 4 = <b>6 marks</b></p> <p style="text-align: center;"><b>OR</b></p> <p>½ mark for naming + 1</p>



<p>34.</p>	<p><b>Q. 'Health Relax Ltd.' is one of India's leading consumer healthcare brands in diagnostic services. It has an integrated nationwide network of diagnostic centres. The company was exploring new avenues for its expansion. The top level managers analysed the business environment and found that since the year 2023 was the International Year of Millets, it was expected that the global demand for millets will grow by around 5% annually. India being one of the leading producer and exporter of millets, it was realised that there was a great business opportunity in the millet industry. The Board of Directors approved the idea of venturing into the business of selling bread, noodles and dosa mix made of millets. The company had to restructure itself. It diversified into varied product categories and created a structure comprising of separate business units. Each unit had a manager responsible for performance who had authority over the unit. Manpower was grouped on the basis of different products manufactured.</b></p> <p><b>(i) Identify the type of organizational structure of Health Relax Ltd. after restructuring and give its meaning.</b></p> <p><b>(ii) Explain any two advantages and two disadvantages of the type of organisational structure identified in the above case.</b></p> <p><b>Ans. (i) <u>Divisional structure</u></b>  Divisional structure is an organisation structure which comprises of <u>separate business units</u> or divisions when the organisation has more than one category of products to offer.</p> <p><b>(ii) <u>Advantages of Divisional structure:</u> (any two)</b>  (a) Product specialization helps in the development of varied skills in the divisional heads and prepares him for higher positions.  (b) It helps in fixation of responsibility as divisional heads are accountable for profits, as revenues and</p>	<p>1 mark for identification  + 1 mark for the meaning</p> <p>+</p> <p>1 x 2</p>
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	<p>costs related to different departments can be easily identified and assigned to them.</p> <p>(c) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.</p> <p>(d) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.</p> <p><u>Disadvantages of Divisional structure: (any two)</u></p> <p>a) Conflicts may arise among different divisions with reference to allocation of funds.</p> <p>b) It may increase the cost of operations Since there may be duplication of activities across products.</p> <p>c) Organizational interest may be ignored by different divisional heads as they may gain power and in a bid to assert their independence may ignore organizational interests.</p> <p><b>(If an examinee has not given the headings as above but have given the correct advantages and disadvantages, full credit should be given)</b></p>	<p>+</p> <p>1 x2</p> <p>= 2+2+2 = <b>6 marks</b></p>
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