

MARKING SCHEME Senior Secondary School Supplementary Exam, July 2025 BUSINESS STUDIES (Subject Code — 054) [Paper Code — 66/S/1]		
Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. 'GEO Builders' were to complete a housing project by December 2024 and hand over the flats to the buyers. Due to excessive heat in the month of May and June 2024, the work slowed down and the project was getting delayed. The firm, in order to complete the project on time, hired more workers through a contractor and asked all the workers to work overtime. Due to the above measures taken by the management, the project was completed on time but the cost of building the flats increased by 10%. Identify the correct option. 'GEO Builders' were:</p> <p>(A) Efficient but not effective (B) Effective but not efficient (C) Neither effective nor efficient (D) Effective as well as efficient</p> <p>Ans. (B) Effective but not efficient</p>	1 mark
2.	<p>Q. Read the following statements: Assertion (A) and Reason(R). Assertion (A): Informal organisation has a definite structure or form. Reason (R): Informal organisation is a complex network of social relationships among members.</p> <p>Choose the correct alternative from the options given below:</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is <i>not</i> the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (D) Assertion (A) is false, but Reason (R) is true.</p>	1 mark
3.	<p>Q. 'Through the process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues.' The function of the stock exchange highlighted above is:</p> <p>(A) Spreading of equity cult (B) Providing liquidity and marketability to existing securities (C) Contributing to economic growth (D) Providing scope for speculation</p>	1 mark

	<p>Ans. (C) Contributing to economic growth</p>	
4.	<p>Q. After identifying the needs and wants of the target market and understanding that parents were increasingly looking for eco-friendly and safe toys for their children, a toy manufacturing company 'Deepak Toys Ltd.' decides to use eco-friendly materials for their toys. The company also ensures that their manufacturing process will not harm the environment.</p> <p>The marketing management philosophy that guided the efforts of Deepak Toys Ltd. is:</p> <p>(A) Selling concept (B) Product concept (C) Marketing concept. (D) Societal marketing concept</p> <p>Ans. (D) Societal Marketing concept</p>	1 mark
5.	<p>Q. 'KM Creations', a leading fashion brand, has been expanding its business into new markets. However, recently the company is facing challenges due to changes in inflation rates and disposable income of people. These factors have started affecting the company's pricing strategy and profitability. 'KM Creations' is now closely monitoring these changes to minimise their impact on its operations.</p> <p>The component of business environment highlighted in the above para is:</p> <p>(A) Political Environment (B) Technological Environment (C) Economic Environment (D) Social Environment</p> <p>Ans. (C) Economic environment</p>	1 mark

	<p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans.(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</p>	1 mark
8.	<p>Q. Organising involves a series of steps that need to be taken in order to achieve desired goals. Identify the correct sequence of steps of the organizing function of management from the following:</p> <p>(A) Departmentalization, Identification and Division of work, Assignment of duties, Establishing reporting relationships. (B) Departmentalization, Assignment of duties, Identification and Division of work, Establishing reporting relationships. (C) Identification and Division of work, Departmentalization, Assignment of duties, Establishing reporting relationships. (D) Identification and Division of work, Departmentalization, Establishing reporting relationships, Assignment of duties.</p> <p>Ans. (C) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationship.</p>	1 mark
9.	<p>Q. Identify the incorrect statement with respect to 'Product' as an element of Marketing Mix:</p> <p>(A) A buyer buys a good or service for what it does or the benefit it provides. (B) A product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of a certain need. (C) A customer may seek to satisfy functional, promotional and technological benefits from the purchase of a product. (D) Product relates to not only the physical product, but also the benefits offered by it from the customer's view point.</p> <p>Ans. (C) A customer may seek to satisfy functional, promotional and technological benefits from the purchase of a product.</p>	1 mark
10.	<p>Q. 'Green Tech Solutions', a renewable energy company, set a target of reducing its production cost by 15% in the current financial year. After a few months, the management reviews the progress and finds that the cost reduction measures implemented have not been as effective as planned. By reviewing the progress 'Green Tech Solutions' has completed one of the steps of controlling process. Identify the step of controlling process from the following:</p> <p>(A) Setting performance standards (B) Comparing actual performance with standards (C) Analysing deviations</p>	

	<p>(D) Taking corrective actions</p> <p>Ans. (B) Comparing actual performance with standards</p>	1 mark
11.	<p>Q. Read the following statements carefully: Statement I: Staffing is the most fundamental and critical drive of organisational performance and this function has assumed greater importance because of rapid advancement of technology. Statement II: Understanding manpower requirements is, only to know the number of persons needed in the organisation.</p> <p>In the light of the statements given, choose the correct alternative from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false.</p> <p>Ans. (A) Statement I is true and Statement II is false.</p>	1 mark
12.	<p>Q. "With the growth of computers, more and more companies are using interactive sites on the Internet, to gather customer views and opinions, before taking important business decisions." Identify the marketing function highlighted in the above lines. (A) Marketing planning (B) Product designing and development (C) Branding (D) Gathering and Analysing Market Information</p> <p>Ans.(D) Gathering and Analysing market information</p>	1 mark
13.	<p>Q. The process of holding securities in an electronic form is known as: (A) Dematerialisation (B) Rematerialisation (C) Depository (D) Capitalisation</p> <p>Ans. (A) Dematerialisation</p>	1 mark
14.	<p>Q. Bisphenol A is one of the most harmful chemicals used to make plastic water bottles. Its levels increase when the water is stored in these bottles for a long period of time. Keeping health considerations in mind, Ketan ordered six glass water bottles and decided not to use plastic bottles in the future. On receiving the parcel, he found that two bottles were broken as the container or wrapper was not adequate to protect the bottles.</p>	

	<p>The product-related decision neglected by the marketer was: (A) Branding (B) Packaging (C) Labelling (D) Both (B) and (C)</p> <p>Ans.(B) Packaging</p>	<p>1 mark</p>																				
<p>15.</p>	<p>Q. Match the concepts given in Column-I with their meanings given in Column-II.</p> <table border="1" data-bbox="250 533 1247 1161"> <thead> <tr> <th data-bbox="250 533 342 569"></th> <th data-bbox="342 533 808 569">Column-I</th> <th data-bbox="808 533 927 569"></th> <th data-bbox="927 533 1247 569">Column-II</th> </tr> </thead> <tbody> <tr> <td data-bbox="250 569 342 680">(a)</td> <td data-bbox="342 569 808 680">It is the activity of influencing people to strive willingly for group objectives.</td> <td data-bbox="808 569 927 680">(i)</td> <td data-bbox="927 569 1247 680">Communication</td> </tr> <tr> <td data-bbox="250 680 342 863">(b)</td> <td data-bbox="342 680 808 863">It is the process of exchange of ideas, views, facts, feelings etc. between or among people to create a common understanding.</td> <td data-bbox="808 680 927 863">(ii)</td> <td data-bbox="927 680 1247 863">Leadership</td> </tr> <tr> <td data-bbox="250 863 342 1052">(c)</td> <td data-bbox="342 863 808 1052">It is the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives</td> <td data-bbox="808 863 927 1052">(iii)</td> <td data-bbox="927 863 1247 1052">Motivation</td> </tr> <tr> <td data-bbox="250 1052 342 1161">(d)</td> <td data-bbox="342 1052 808 1161">It is the process of stimulating people to action to accomplish desired goals.</td> <td data-bbox="808 1052 927 1161">(iv)</td> <td data-bbox="927 1052 1247 1161">Directing</td> </tr> </tbody> </table> <p>Choose the correct option from the following: (A) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i) (B) (a)-(ii), (b)-(i), (c)-(iv), (d)-(iii) (C) (a)-(iv), (b)-(iii), (c)-(ii), (d)-(i) (D) (a)-(iii), (b)-(i), (c)-(ii), (d)-(iv)</p> <p>Ans. (B) (a)-(ii), (b)-(i), (c)-(iv), (d)-(iii)</p>		Column-I		Column-II	(a)	It is the activity of influencing people to strive willingly for group objectives.	(i)	Communication	(b)	It is the process of exchange of ideas, views, facts, feelings etc. between or among people to create a common understanding.	(ii)	Leadership	(c)	It is the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives	(iii)	Motivation	(d)	It is the process of stimulating people to action to accomplish desired goals.	(iv)	Directing	<p>1 mark</p>
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<p>16.</p>	<p>Q. From the following, identify the <i>incorrect</i> statement with respect to ‘Delegation’: (A) Delegation is a compulsory act because no individual can perform all tasks on his own. (B) It has a narrow scope as it is limited to the superior and his immediate subordinate. (C) It is a process followed to share tasks. (D) It increases the role of the subordinates in the organisation by giving them more autonomy.</p> <p>Ans. (D) It increases the role of the subordinates in the organisation by giving</p>	<p>1 mark</p>																				

	them more autonomy.	
17.	<p>Q. _____ is a legally enforceable document issued by the broker to the investor within 24 hours of executing trade which helps to settle disputes/claims between the investor and the broker:</p> <p>(A) Contract note (B) Order confirmation slip (C) Unique order code (D) Client registration form</p> <p>Ans. (A) Contract note</p>	1 mark
18.	<p>Q. Which of the following is <i>not</i> a factor affecting investment decision?</p> <p>(A) Investment criteria involved (B) Control considerations (C) Cash flows of the project (D) Rate of return</p> <p>Ans. (B) Control considerations</p>	1 mark
19.	<p>Q. Read the following statements carefully:</p> <p>Statement I : Financial market is a market for the creation and exchange of financial assets.</p> <p>Statement II : On the basis of ‘maturity of financial instruments traded’, financial market is classified into money market and capital market.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>(A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are false. (D) Both Statement I and Statement II are true.</p> <p>Ans. (D) Both Statement I and Statement II are true.</p>	1 mark
20.	<p>Q. Which of the following are 'Standing Plans'?</p> <p>(i) Budgets (ii) Policies (iii) Programmes (iv) Procedures (v) Methods (vi) Rules</p> <p>Choose the correct alternative:</p> <p>(A) (ii), (iii), (v) and (vi) (B) (ii), (iv), (v) and (vi) (C) (iii), (iv), (v) and (vi) (D) (i), (ii), (iii) and (iv)</p>	

	<p>Ans. (B) (ii), (iv), (v) and (vi)</p>	<p>1 mark</p>
<p>21.</p>	<p>Q. ‘Chaman Pharmaceuticals Ltd.’ is a company providing medicines all over the country. After establishing itself and making a name in the field of medicines, it decided to enter into the field of medical devices, baby care products and nutritional supplements. Each product category had a different head accountable for profits, revenues and costs. In case of poor performance of their product, the heads were held responsible. But as the heads of different product categories were different, conflict could arise among different heads with reference to allocation of funds. Also providing a separate set of similar functional heads for each product category increased expenditure.</p> <p>(i) Identify and explain the type of organisation structure 'Chaman Pharmaceuticals Ltd.' had followed after entering into the field of medical devices, baby care products and nutritional supplements.</p> <p>(ii) Also state any one advantage and any one disadvantage of the organizational structure discussed in the above para by quoting lines.</p> <p>Ans.(i) Divisional Structure</p> <p>Meaning: Divisional structure is an organisational structure which comprises of <u>separate business units</u> or divisions. Each unit has a divisional manager responsible for performance and who has authority over the unit.</p> <p>(ii) <u>Advantage of Divisional structure</u></p> <ul style="list-style-type: none"> • It helps in fixation of responsibility as divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. <i>“Each product category had a different head accountable for profits, revenue and costs.”</i> <p><u>Disadvantages of Divisional Structure (any one)</u></p> <ul style="list-style-type: none"> • Conflicts may arise among different divisions with reference to allocation of funds. <i>“But as the heads of different product categories were different, conflict could arise among different heads with reference to allocation of funds”</i> • It may increase the cost of operations since there may be duplication of activities across products. <i>“Also providing a separate set of similar functional heads for each product category increased expenditure.”</i> 	<p>½ mark for identifying + ½ mark for explanation + ½ mark for stating the correct advantage + ½ mark for quoting the line + ½ mark for stating the correct disadvantage + ½ mark for quoting the line = 1+1+1 = 3marks</p>

<p>22.</p>	<p>(a) Q. State any three ‘Protective functions’ of the Securities and Exchange Board of India.</p> <p>Ans. <u>Protective functions of Securities Exchange Board of India</u> (any three):</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 style="text-align: center;">OR</p> <p>(b) Q. Give the meaning of 'Capital Market'. Differentiate between Capital Market' and 'Money Market' on the basis of the following:</p> <p>(i) Participants</p> <p>(ii) Instruments</p> <p>Ans. Meaning of Capital Market</p> <p>Capital Market refers to facilities and institutional arrangements through which long term funds, both debt and equity, are raised and invested.</p> <p>Difference between Capital Market and Money Market:</p> <table border="1" data-bbox="245 961 1227 1409"> <thead> <tr> <th>Basis</th> <th>Capital Market</th> <th>Money Market</th> </tr> </thead> <tbody> <tr> <td>(i) Participants</td> <td>The participants are financial institutions, banks, corporates, foreign investors and retail investors from members of the public.</td> <td>The participants are RBI, financial institutions, banks and finance companies</td> </tr> <tr> <td>(ii) Instruments</td> <td>Instruments like shares, debentures and bonds are traded in Capital market.</td> <td>Instruments like treasury bill, commercial paper, certificates of deposit, call money and commercial bill are traded in money market</td> </tr> </tbody> </table>	Basis	Capital Market	Money Market	(i) Participants	The participants are financial institutions, banks, corporates, foreign investors and retail investors from members of the public.	The participants are RBI, financial institutions, banks and finance companies	(ii) Instruments	Instruments like shares, debentures and bonds are traded in Capital market.	Instruments like treasury bill, commercial paper, certificates of deposit, call money and commercial bill are traded in money market	<p>(1 mark for stating each function) x 3 = 3 marks</p> <p style="text-align: center;">OR</p> <p>1 mark for the meaning</p> <p style="text-align: center;">+</p> <p>(1 mark for each difference) x 2 = 3 marks</p>
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<p>23.</p>	<p>Q. ‘Refresh Zone’ was a popular coffee house chain offering premium coffee and snacks in a cozy environment. However, over time, the company began to face challenges in maintaining its market position. Customers had started complaining about lack of variety failing to cater to evolving consumer preferences. Also the price of coffee in 'Refresh Zone' was significantly higher than its competitors. Many consumers felt that the quality of coffee was not justifying its premium pricing.</p> <p>Identify and explain two components of marketing mix that the management of 'Refresh Zone' needs to work on.</p> <p>Ans. <u>Components of marketing Mix that the management of ‘Refresh Zone’</u></p>										

	<p><u>needs to work on:</u></p> <p>(i) <u>Product</u></p> <p>Product means goods or services or ‘anything of value’, which is offered to the market for sale.</p> <p>(ii) <u>Price</u></p> <p>Price is the amount of money customers have to pay to obtain the product.</p>	<p>(1 mark for identifying each component + ½ mark for explanation) x 2 = 3 marks</p>
<p>24.</p>	<p>(a) Q. State the three leadership styles.</p> <p>Ans. Leadership Styles</p> <p>(i) <u>Autocratic or Authoritarian leadership</u> is a style of leadership in which the leader gives orders and expects his subordinates to obey those orders.</p> <p>(ii) <u>Democratic or Participative Leadership</u> is one in which the leader develops action plans and takes decisions in consultation with his subordinates.</p> <p>(iii) <u>Laissez faire or Free-rein leadership is a style</u> of leadership in which the followers are given a high degree of independence to formulate their own objectives and ways to achieve them.</p> <p>(If an examinee has only listed the styles, ½ mark for each style should be awarded.)</p> <p style="text-align: center;">OR</p> <p>(b) Q. State any three financial incentives which may be used to motivate people.</p> <p>Ans. Financial incentives (any three)</p> <p>(i) Pay and allowances include basic pay, dearness allowance and other allowances given to employees.</p> <p>(ii) Productivity linked wage incentives aim at linking payment of wages to increase in productivity at individual or group level.</p> <p>(iii) Bonus is an incentive offered over and above the wages/salaries to the employees for higher performance.</p> <p>(iv) Profit-sharing means providing a share to employees in the profits of the organisation.</p>	<p>1 x 3 = 3 marks</p> <p style="text-align: center;">OR</p> <p>1 x 3 = 3 marks</p>

	<p>(v) Co-partnership/stock option is an incentive in which employees are offered company shares at a set price, which is lower than market price, to create a feeling of ownership and make them contribute for the growth of the organisation.</p> <p>(vi) Retirement benefits such as provident fund, pension and gratuity, which provide financial security to employees after their retirement, act as an incentive when they are in service in the organisation.</p> <p>(vii) Perquisites such as car allowance, housing and medical aid, etc., are offered to employees over and above the salary to provide motivation to them.</p> <p>(If an examinee has only listed the incentives, ½ mark for each incentive should be awarded)</p>	
25.	<p>Q. Kapila is working at ‘Cresa Engineering Solutions’, an engineering consultancy firm. Despite being frequently enticed by many competitive companies offering her a higher pay package, Kapila chooses to stay with ‘Cresa Engineering Solutions’. She enjoys her work as her job is designed with greater variety of work content requiring higher level of knowledge and skill and provides the opportunity for personal growth. The company has appropriate skill development programmes and a sound promotion policy due to which Kapila has been getting promotions year after year. Not only this, Kapila's work is being appreciated by the management from time to time. She always gives valuable suggestions and is being rewarded for that also. Over and above, the company implements measures to ensure stability of the employees in the organisation. All these factors motivate Kapila to continue to work in 'Cresa Engineering Solutions'.</p> <p>Identify and explain the four non-financial incentives discussed in the above case.</p> <p>Ans. <u>Non- Financial Incentives</u></p> <p>(i) Job Enrichment It is concerned with designing jobs that include greater variety of work content, requiring higher level of knowledge and skill to provide a meaningful work experience.</p> <p>(ii) Career Advancement Opportunity includes opportunities provided to employees to improve their skills and be promoted to the higher level jobs.</p> <p>(iii) Employee Recognition Programmes means appreciating the work performed by employees so that they feel motivated and perform at higher level.</p>	<p>(½ mark for identification + ½ mark for explanation) x 4 = 4 marks</p>

	(iv) Job Security involves giving stability about future income and work to an employee so that he does not feel worried on these aspects and works with greater zeal.	
26.	<p>Q. ‘Pestle’, is the country's largest biscuit manufacturing company, that makes high quality with focus on customer satisfaction. The company strives to understand what people want and provides tasty and healthy biscuits. To ensure the quality, a robust control system has been installed by the company. This helps the organisation to measure progress towards its goals and brings to light the deviations, if any. It also enables the management to verify whether the standards set are accurate and objective or not.</p> <p>The above para highlights the importance of the Controlling function of management.</p> <p>Identify and explain any two points of importance of the Controlling function discussed above.</p> <p>Ans. <u>Importance of controlling function</u></p> <p>(i) <u>Accomplishing organizational goals</u> Controlling helps in accomplishing organisational goals by bringing to light the deviations and indicating corrective action. It guides the organisation and keeps it on the right track so that organisational goals might be achieved.</p> <p>(ii) <u>Judging accuracy of standards</u> Controlling helps in judging the accuracy of standards by reviewing and revising them in the light of organisational and environmental changes.</p>	<p>(1 mark for identification + 1 mark for explanation) x 2 = 4 marks</p>
27.	<p>(a) Q. Explain the following features of Coordination:</p> <p>(i) Coordination is a continuous process</p> <p>(ii) Coordination is an all-pervasive function.</p> <p>Ans. <u>Features of Coordination</u></p> <p>(i) Coordination is a continuous process</p> <ul style="list-style-type: none"> • Coordination is not a one-time function but a continuous process. • It begins at the planning stage and continues till controlling. <p>(ii) Coordination is an all- pervasive function</p> <ul style="list-style-type: none"> • Coordination is required at all levels of management due to the interdependent nature of activities of various departments. • It integrates the efforts of different departments and different levels. 	<p>2 + 2 = 4 marks</p>

	<p style="text-align: center;">OR</p> <p>(b) Q. Explain the following characteristics of Management: (i) Management is a dynamic function. (ii) Management is a group activity.</p> <p>Ans. <u>Characteristics of Management</u></p> <p>(i) Management is a dynamic function</p> <ul style="list-style-type: none"> • Management is a dynamic function and has to adapt itself to the changing environment. • In order to be successful, an organisation must change itself and its goals according to the needs of the environment. <p>(ii) Management is a group activity</p> <ul style="list-style-type: none"> • Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organizational goal. • This requires team work and coordination of individual effort in a common direction. 	<p style="text-align: center;">OR</p> <p style="text-align: center;">2 + 2 = 4 marks</p>
28.	<p>Q. ‘Global Foods Ltd.’, a multinational company in the food processing industry, has a good customer base. Recently it has expanded into new international markets. But due to increased awareness for health care, there is a shift in consumer demand for healthier food options. For this reason, the company needs to adapt to frequent technological advancements in production processes so that healthy food product options can be made available in the market. Additionally, the company is concerned about fluctuations at global level in commodity prices, exchange rates and political conditions. 'Global Foods Ltd.' is finding it increasingly difficult to predict future outcomes due to the constantly changing nature of the market. In order to effectively cope up with these significant changes, managers have to understand and examine the environment to develop suitable courses of action. By continuously monitoring the environment and adopting suitable business practices, the company will not only improve its present performance but also continue with it for a long period in achieving its objectives.</p> <p>Identify and explain two features and two points of importance of business environment discussed in the above para.</p> <p>Ans. <u>Features of business environment (any two)</u></p>	

	<p>(i) Inter-relatedness Different elements or parts of business environment are closely interrelated like increased life expectancy of people and increased awareness for health care have increased the demand for many health products.</p> <p>(ii) Uncertainty Business environment is largely uncertain as it is very difficult to predict future happenings when environment changes are taking place too frequently.</p> <p>(iii) Dynamic Business environment is dynamic as it keeps on changing due to changes in its various components like technological improvements, increase in competition.</p> <p><u>Importance of business environment</u></p> <p>(i) It helps in coping with rapid changes: It enables the business to cope up with the changes in the dynamic environment by examining the environment and developing suitable courses of action.</p> <p>(ii) It helps in improving performance: The enterprises that continuously monitor their environment and adopt suitable business practices are not only able to improve their present performance but also continue to succeed in the market for a longer period.</p>	<p>(½ mark for identifying + ½ mark for explanation) x 4</p> <p>= 4marks</p>
29.	<p>Q. Explain any two points of importance of consumer protection from the point of view of business.</p> <p>Ans. Importance of consumer protection from the point of view of business (any two with explanation)</p> <p>(i) Long-term Interest of Business (ii) Business uses Society’s Resources (iii) Social Responsibility . (iv) Moral Justification (v) Government Intervention</p>	<p>(½ mark for naming + 1½ mark for explanation) x 2</p> <p>= 4 marks</p>
30.	<p>(a) Q. Explain the following features of Marketing:</p> <p>(i) Needs and wants (ii) Creating a market offering</p> <p>Ans. Features of Marketing:</p> <p>(i) Needs and wants</p>	

	<ul style="list-style-type: none"> • A need is a state of felt deprivation or feeling of being deprived of something and a marketer's job is to identify needs of the target customers and develop products and services that satisfy such needs. • The focus of the marketing process is on satisfaction of the needs and wants of individuals and organisations. <p>(ii) Creating a market offering</p> <ul style="list-style-type: none"> • Market offering refers to a complete offer for a product or service, having given features like size, quality, taste, etc; at a certain price; available at a given outlet or location • A good 'market offer' is the one which is developed after analysing the needs and preferences of the potential buyers. <p style="text-align: center;">OR</p> <p>(b) Q. Explain the following elements of Promotion Mix:</p> <p>(i) Sales Promotion</p> <p>(ii) Personal Selling</p> <p>Ans. Elements of Promotion Mix</p> <p>(i) Sales Promotion Sales promotion refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.</p> <ul style="list-style-type: none"> • Sales promotion activities include offering cash discounts, sales contests, free gift offers, and free sample distribution used by a company to boost its sales. <p>(ii) Personal Selling</p> <ul style="list-style-type: none"> • Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales. • Companies appoint salespersons to contact prospective buyers and create awareness about the product and develop product preferences with the aim of making sale. 	<p>2</p> <p>+</p> <p>2</p> <p>= 4 marks</p> <p style="text-align: center;">OR</p> <p>2</p> <p>+</p> <p>2</p> <p>= 4 marks</p>
31.	<p>A company, 'SK Energy Ltd.' is providing solar energy solutions in some states of the country. Now it wants to expand its operations in some other states also. It needs ₹ 30,00,000 for its expansion. The Chief Financial Officer suggested two options for this.</p> <p>Option 1: To raise the entire funds through issue of shares of ₹ 10 each.</p> <p>Option II: To raise ₹ 10,00,000 through issue of shares of ₹10 each and ₹ 20,00,000 by raising debt @ 10% p.a.</p> <p>The return on investment of the firm is 12% and tax rate is 30%</p> <p>(i) Which of the two options will maximise shareholders' wealth? Give reason in support of your answer.</p> <p>(ii) Will the earning per share improve if return on investment of the company is 8%? Give reason in support of your answer. Show your</p>	

working clearly.

Ans. (i) Option II will maximise shareholders' wealth.

Reason: Earnings Per Share is higher in Option II as ROI (12%) is more than interest rate (10% p.a.)

Workings:

DETAILS	OPTION I	OPTION II
Equity share Capital (₹10 per share)	₹30,00,000	₹10,00,000
Debt	NIL	₹20,00,000
TOTAL FUNDS	₹30,00,000	₹30,00,000

DETAILS	OPTION I	OPTION II
Earnings Before Interest and Tax (12% of ₹30,00,000)	₹3,60,000	₹3,60,000
Less: Interest @10%	-	₹2,00,000
Earnings Before Tax	₹3,60,000	₹1,60,000
Less: Tax @30%	(₹1,08,000)	(₹48,000)
Earnings After Tax	₹2,52,000	₹1,12,000
No. of equity shares	3,00,000	1,00,000
Earnings Per Share (Earnings After Tax / No. of shares)	₹0.84	₹1.12

(ii) If Return on Investment of the company is 8%, the earning per share will decrease in case of Option II.

Reason: As ROI (8%) is less than interest rate (10% p.a.), EPS will decrease.

Workings:

DETAILS	OPTION I	OPTION II
Equity share Capital (₹10 per share)	₹30,00,000	₹10,00,000
Debt	NIL	₹20,00,000
TOTAL FUNDS	₹30,00,000	₹30,00,000

DETAILS	OPTION 1 (₹)	OPTION II (₹)
Earnings Before Interest and Tax (8% of ₹30,00,000)	₹2,40,000	₹2,40,000
Less: Interest @10%	-	₹2,00,000
Earnings Before Tax	₹2,40,000	₹40,000
Less: Tax @30%	(₹72,000)	(₹12,000)
Earnings After Tax	₹1,68,000	₹28,000
No. of equity shares	3,00,000	1,00,000
Earnings Per Share	₹0.56	₹0.28

1 mark for correct option

+

1 mark for reason

+

1 mark for workings

+

1 mark

+

1 mark for reason

+

1 mark for workings

= 6 marks

	(Earnings After Tax / No. of shares)			
32.	<p>(a) Explain the following features of planning:</p> <p>(i) Planning is a mental exercise.</p> <p>(ii) Planning is continuous.</p> <p>(iii) Planning is futuristic.</p> <p>(iv) Planning involves decision-making.</p> <p>Ans. <u>Features of planning</u></p> <p>(i) <u>Planning is a mental exercise</u> Planning requires application of the mind involving foresight, intelligent imagination and sound judgment. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken.</p> <p>(ii) <u>Planning is continuous</u> - Plans are prepared for a specific period of time, at the end of which, there is need for a new plan to be drawn on the basis of new requirements and future conditions. It means that a plan is framed, it is implemented, and is followed by another plan, and so on.</p> <p>(iii) <u>Planning is futuristic</u> Planning essentially involves looking ahead and preparing for the future. Planning is regarded as a forward looking function based on forecasting.</p> <p>(iv) <u>Planning involves decision-making</u> Planning essentially involves choice from among various alternatives and activities. If there is only one possible course of action, there is no need for planning because there is no choice.</p> <p style="text-align: center;">OR</p> <p>(b)Q. Explain any four points of importance of Organising function of management.</p> <p>Ans. <u>Importance of Organising (with explanation) (any four)</u></p> <p>(i) Benefits of specialisation</p> <p>(ii) Clarity in working relationships</p> <p>(iii) Optimum utilization of resources</p> <p>(iv) Adaptation to change</p> <p>(v) Effective administration</p> <p>(vi) Development of personnel</p> <p>(vii) Expansion and growth</p>			<p>= 1 ½ x 4</p> <p>= 6 marks</p> <p style="text-align: center;">OR</p> <p>(½ mark for naming + 1 mark for explanation) x 4</p> <p>= 6 marks</p>

33.	<p>(a) Q. Explain any four psychological barriers to communication. Ans. Psychological Barriers (with explanation) (i) Premature evaluation (ii) Lack of attention (iii) Loss by transmission and poor retention (iv) Distrust</p> <p style="text-align: center;">OR</p> <p>(b) Q. Explain the following steps in the process of staffing: (i) Estimating the Manpower Requirements (ii) Recruitment (iii) Performance Appraisal</p> <p>Ans. <u>Steps in the process of staffing</u></p> <p>(i) <u>Estimating the manpower requirements</u> • Estimating the manpower requirement includes knowing how many persons are needed and of what type, i.e. understanding workload analysis as well as workforce analysis. • It reveals whether an organisation is understaffed, overstaffed and optimally staffed.</p> <p>(ii) <u>Recruitment</u> • Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. • It involves creating a pool of the prospective job candidates.</p> <p>(iii) <u>Performance Appraisal</u> • Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. • The performance appraisal process includes defining the job, appraising performance and providing feedback.</p>	<p>(½ mark for naming + 1 mark for explanation) x 4 = 6 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: right;">2 + 2 + 2 = 6 marks</p>

<p>34.</p>	<p>‘Marut Enterprises’ is a large company manufacturing washing machines. From the last few months, employees have been reporting dissatisfaction with the overall work environment which has led to a decline in productivity. The management realized that there is no coordination between various departments. On one hand, the Production Manager is giving instructions to the workers to speed up the work to achieve the targets whereas on the other hand, the Sales Manager is also giving instructions to the workers of the production department to slow down the production as sales are not picking up. It was also observed by the company's management that there is a lack of proper communication among different levels of superiors and subordinates. Even in case of emergencies, a worker is not in a position to contact the Chief Executive Officer directly, which is affecting the productivity and the morale of the workforce. The management felt a need to foster a positive environment which may promote team spirit of unity and harmony among the employees.</p> <p>Identify and explain the three principles of management given by Henri Fayol which can help in addressing the challenges faced by the company.</p> <p>Ans.</p> <p>(i) Unity of Command</p> <ul style="list-style-type: none"> • There should be one and only one boss for every individual employee at a given time. • If this principle is followed, dual subordination is avoided which will prevent confusion regarding tasks to be done. <p>(ii) Scalar chain</p> <ul style="list-style-type: none"> • Scalar Chain is the formal line of authority, i.e., a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. • 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. <p>(iii) Espirit de Corps</p> <ul style="list-style-type: none"> • Management should promote team spirit of unity and harmony among employees. A manager should replace ‘I’ with ‘We’ in all his conversations with workers to foster team spirit. • This will give rise to the spirit of mutual trust and belongingness among team members and will minimise the need for using penalties. It will also minimise the need for using penalties. 	<p>(½ mark for identifying + 1 ½ mark for explanation) x 3</p> <p>= 6 Marks</p>
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