

66/ 7/ 1	<p style="text-align: center;">MARKING SCHEME– 2025 BUSINESS STUDIES-054 66/7/1 EXPECTED ANSWERS / VALUE POINTS</p>	Marks
1	<p>Q. Which of the following is <i>not</i> a protective function of Securities and Exchange Board of India? (A) Controlling insider trading and imposing penalties for such practices (B) Training of intermediaries of securities market (C) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulation, etc. (D) Promotion of fair practices and code of conduct in securities market</p> <p>Ans. (B) Training of intermediaries of securities market</p>	1 mark
2	<p>Q. Shreyansh and Sudhir were close friends and were studying in a reputed engineering college. During campus recruitment in the final year of engineering, both of them got their dream jobs. Shreyansh's consultancy firm was in India and Sudhir's was a manufacturing firm situated out of India. Both looked forward to join their respective organisations after completing their engineering degree. One month after joining the organisation, Sudhir came to India on an assignment and both friends decided to meet. Shreyansh looked happy and was all praise for the management of his company. He told Sudhir that there was complete orderliness in his organisation and that all employees were happy and satisfied with the work and the working environment. Targets of the organization too were met as per the plans. Sudhir, in contrast was unhappy with his job and was thus on the lookout for another job. The characteristic of management being highlighted in the above case by Shreyansh is:</p> <p>(A) Management is a group activity. (B) Management is a dynamic function. (C) Management is an intangible force. (D) Management is all pervasive.</p> <p>Ans. (C) Management is an intangible force.</p>	1 mark

<p>3</p>	<p>Q. Read the following statements carefully:</p> <p>Statement 1: Any deviation, whether significant or insignificant, should be brought to the notice of the management.</p> <p>Statement II: Control should focus on those Key Result Areas which are critical to the success of an organisation.</p> <p>In the light of the above statements, choose the correct alternative from the options given below:</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. (B) Statement I is false and Statement II is true.</p>	<p>1 mark</p>
<p>4</p>	<p>Q. Read the following statements: Assertion (A) and Reason (R).</p> <p>Assertion (A): The cost of debt is lower than the cost of equity for a firm.</p> <p>Reason (R): Lender's risk is lower than the shareholder's risk. Additionally, interest paid on debt is a deductible expense for computation of tax liability, whereas dividends are paid out of after tax profit.</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 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>	<p>1 mark</p>
<p>5</p>	<p>Q. 'Apex Shoes', a popular footwear brand had grown rapidly over the years. It decided to open its own retail outlets across major cities. To ensure smooth operations, the retail outlets were</p>	

7 Q. Match the statements given in Column I with the external source of recruitment given in Column II.

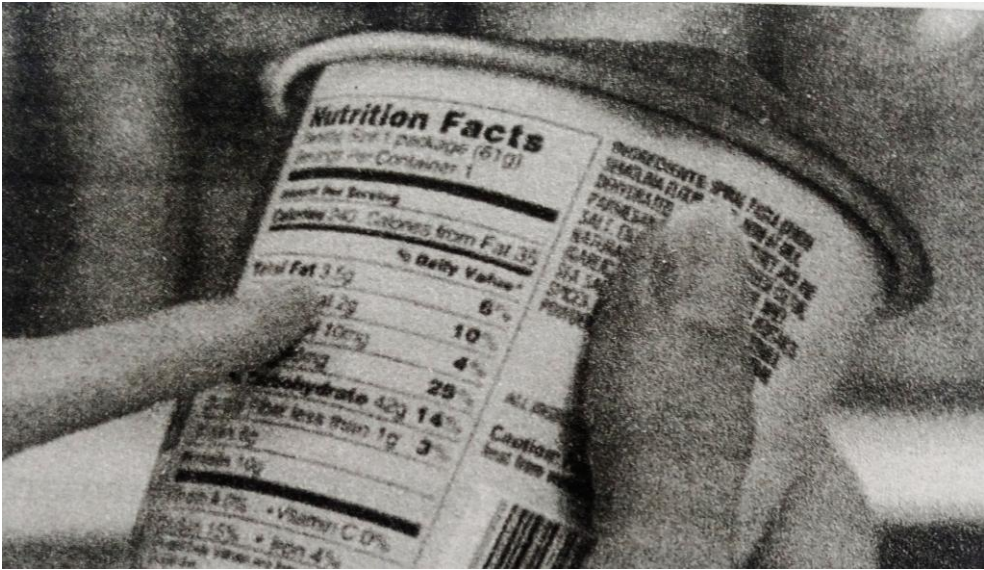
<i>Column(I)</i>	<i>Column(II)</i>
1. Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise.	(i) Recommendation of employees
2. A notice is placed on the notice board of the enterprise specifying details of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.	(ii) Campus recruitment
3. Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit personnel for various jobs. qualified	(iii) Direct recruitment
4. Applicants introduced by present employees or their friends and relatives.	(iv) Casual callers

Choose the correct option from the following:

- (A) 1-(iii), 2-(ii), 3-(i), 4-(iv)
- (B) 1-(ii), 2-(i), 3-(iii), 4-(iv)
- (C) 1-(iv), 2-(iii), 3-(ii), 4-(i)
- (D) 1-(iii), 2-(i), 3-(ii), 4-(iv)

Ans. (C) 1-(iv). 2-(iii), 3-(ii), 4-(i)

1 mark

<p>8</p>	<p>Q. Radhika purchased an attractive new toaster for her house. In the beginning it worked fine and she enjoyed using it every morning. However, one morning as she was using the toaster, it caught fire and her fingers got partially burnt.</p> <p>Identify the 'Right' under which she can be protected.</p> <p>(A) Right to be informed (B) Right to be assured (C) Right to safety (D) Right to consumer education</p> <p>Ans. (C) Right to safety</p>	<p>1 mark</p>
<p>9</p>	<p>Q. Identify the marketing function displayed in the picture given below:</p>  <p>(A) Product designing and development (B) Branding (C) Marketing planning (D) Packaging and labelling</p> <p>Ans. (D) Packaging and labelling</p>	<p>1 mark</p>

	<p>Note: The following question is for <i>the Visually Impaired Candidates</i> only in lieu of Q. No. 9.</p> <p>Q. Which of the following functions of marketing gives detailed information to the consumers about the product, ensures safety of product and also serves as a promotional tool?</p> <p>(A) Product designing and development (B) Branding (C) Marketing planning (D) Packaging and labelling</p> <p>Ans. (D) Packaging and labelling</p>	
<p>10</p>	<p>Q. A garment manufacturing firm had set a target of manufacturing 1000 garments per day. The manager of the firm saw that the production consistently fell short of the target. It was observed that employees were spending too much time taking lunch, reporting late and leaving early on one pretext or the other.</p> <p>A control mechanism was installed to address the issue. Card punching was implemented in the organisation. It was made mandatory for employees to record their entry or exit every time they enter or leave. Their working hours were monitored and irregularities addressed. This helped the organisation to meet its daily production targets.</p> <p>Identify the point of importance of 'Controlling' highlighted in the above case.</p> <p>(A) Judging accuracy of standards (B) Accomplishing organisational goals (C) Making efficient use of resources (D) Ensuring order and discipline</p> <p>Ans. (D) Ensuring order and discipline</p>	<p>1 mark</p>
<p>11</p>	<p>Q. Selection test is a mechanism that attempts to measure certain characteristics of individuals ranging from aptitudes, to intelligence, to personality. It is one of the steps in the process of selection. Place the subsequent steps of process of selection in an organisation in the correct order.</p>	

	<p>A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment</p> <p>(B) Employment interview, reference and background checks, medical examination, selection decision, job offer, contract of employment</p> <p>(C) Employment interview, medical examination, job offer, reference and background checks, selection decision, contract of employment</p> <p>(D) Employment interview, selection decision, reference and background checks, job offer, medical examination, contract of employment</p> <p>Ans. (A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment</p>	1 mark
12	<p>Q. Identify the <i>incorrect</i> statement with respect to 'importance of consumer protection' from the business point of view.</p> <p>(A) Enlightened businesses realise that it is in their long-term interest to satisfy their customers.</p> <p>(B) It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.</p> <p>(C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.</p> <p>(D) A business engaging in any form of exploitative trade practices would invite government intervention which can tarnish the image of the company.</p> <p>Ans. (C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.</p>	1 mark
13	<p>Q. An institution constituted for the purpose of assisting, regulating or controlling the business of buying and selling or dealing in existing securities' is known as:</p> <p>(A) Securities and Exchange Board of India (SEBI)</p> <p>(B) Stock Exchange</p> <p>(C) Capital Market</p>	

	<p>(D) Money Market</p> <p>Ans. (B) Stock Exchange</p>	1 mark
14	<p>Q. Read the following statements: Assertion (A) and Reason (R).</p> <p>Assertion (A): Increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services.</p> <p>Reason (R): Different elements of business environment are not inter-related.</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).</p> <p>(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p> <p>(C) Assertion (A) is true, but Reason (R) is false.</p> <p>(D) Assertion (A) is false, but Reason (R) is true.</p> <p>Ans. (C) Assertion (A) is true, but Reason (R) is false.</p>	1 mark
15	<p>Q. If any of the parties are 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 _____ from the date of order.</p> <p>(A) 45 days</p> <p>(B) 30 days</p> <p>(C) 60 days</p> <p>(D) 15 days</p> <p>Ans. (A) 45 days</p>	1 mark
16	<p>Q. Identify the <i>incorrect</i> statement with respect to financial leverage.</p> <p>(A) The proportion of debt in the overall capital is called financial leverage.</p> <p>(B) With the increase in financial leverage, the financial risk</p>	

	<p>increases.</p> <p>(C) The proportion of equity in the overall capital is called financial leverage.</p> <p>(D) As the financial leverage increases, the cost of funds declines.</p> <p>Ans. (C) The proportion of equity in the overall capital is called financial leverage.</p>	1 mark
17	<p>Q. Which of the following factors affect the capital budgeting decision of a company?</p> <p>(A) Investment criteria involved</p> <p>(B) Floatation costs</p> <p>(C) Tax Rate</p> <p>(D) State of Capital Market</p> <p>Ans. (A) Investment criteria involved</p>	1 mark
18	<p>Q. Rajni, the Chief Executive Officer of a multinational company, maintained a simple and elegant look. Now she wanted a change, so she decided to colour her hair in a vibrant colour. After reading the label carefully, she purchased a well-known hair colour of good quality. Before applying the colour, she read the instructions carefully.</p> <p>However, while applying the colour on her hair, she forgot the instructions and without testing it on a patch of her skin, she applied the colour. This led to an allergic reaction with redness and itching on her scalp, ears and neck.</p> <p>Identify the responsibility that was ignored by Rajni as a consumer while using the hair colour.</p> <p>(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.</p> <p>(B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.</p> <p>(C) Assert yourself to ensure that you get a fair deal.</p> <p>(D) Ask for a cash-memo on purchase of goods or services.</p> <p>Ans. (B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.</p>	1 mark

19	<p>Q. Which of the following factors affect the fixed capital requirements of a company?</p> <ol style="list-style-type: none"> 1. Financing alternatives 2. Level of collaboration 3. Production cycle 4. Choice of technique 5. Seasonal factors 6. Level of competition <p>Choose the correct alternatives from the following:</p> <p>(A) 2, 3 and 6 (B) 3, 4 and 5 (C) 3, 4 and 6 (D) 1, 2 and 4</p> <p>Ans. (D) 1, 2 and 4</p>	1 mark
20	<p>Q. Read the following statements carefully:</p> <p>Statement 1: Training is the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.</p> <p>Statement II: Training is a job-oriented process.</p> <p>In the light of the above statements, choose the correct alternative from the options given below:</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 true. (D) Both Statement I and Statement II are false.</p> <p>Ans. (C) Both Statement I and Statement II are true.</p>	1 mark
21	<p>Q.(a) State any three points of importance of business environment.</p> <p>Ans. Importance of business environment are: (Any three)</p> <p>1. It enables the firm to <u>identify opportunities early and get the first</u></p>	

<p><u>mover advantage</u> and be the first to exploit them instead of losing them to competitors.</p> <p>2. Environmental awareness helps the firm to <u>identify threats and serve as early warning signals</u>.</p> <p>3. Understanding business environment enables the enterprise <u>in tapping useful resources</u> so that it can convert those resources into outputs that the environment desires.</p> <p>4. It <u>helps the managers in coping with rapid changes</u> by understanding and examining the dynamic environment and developing suitable courses of action.</p> <p>5. It <u>helps in assisting in planning and policy formulation</u> by understanding and analysing the environment which becomes the basis for deciding the future course of action (planning) or framing guidelines for decision making (policy).</p> <p>6. It <u>helps in improving performance in present and future</u> as enterprises continuously monitor their environment and adopt suitable business practices.</p> <p>(If an examinee has given only headings, 1/2 mark for each heading should be awarded)</p>	<p>1x3</p> <p>=</p> <p>3 marks</p>
<p style="text-align: center;">OR</p> <p>(b) State any three features of demonetisation.</p> <p>Ans. Features of demonetisation are: (Any three)</p> <p>(i) Demonetisation is viewed as a <u>tax administration measure</u> and people with black money had to declare their unaccounted wealth and pay taxes at a penalty rate.</p> <p>(ii) Demonetisation is also interpreted as a shift on the part of the government indicating that <u>tax evasion will no longer be tolerated or accepted</u>.</p> <p>(iii) Demonetisation led to tax administration <u>channelizing savings</u> into the formal financial system.</p>	<p>OR</p> <p>1x3</p> <p>=</p>

	<p>(iv) It creates a <u>less-cash or cash-lite economy</u>, thus improves tax compliance.</p> <p>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</p>	<p>3 marks</p>
<p>22</p>	<p>Q.(a) Explain the following features of 'Planning':</p> <p>(i) Planning focuses on achieving objectives. (ii) Planning is a mental exercise.</p> <p>Ans. Features of 'Planning':</p> <p>(i) Planning focuses on achieving objectives:</p> <ul style="list-style-type: none"> • Specific goals are set out in the plans along with the activities to be undertaken, to achieve the goals. • Hence, planning contributes to the achievement of predetermined organizational goals. <p>(ii) Planning is a mental exercise:</p> <ul style="list-style-type: none"> • Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. • It is an intellectual activity of logical thinking rather than doing, because planning determines the action to be taken. It must be based on analysis of facts and forecast. <p style="text-align: center;">OR</p> <p>(b) Explain the following types of plans:</p> <p>(i) Strategy (ii) Policy</p> <p>Ans. (b)</p> <p>(i) Strategy:</p> <ul style="list-style-type: none"> ▪ A strategy refers to future decisions defining the organisation's direction and scope in the long run. ▪ It is a comprehensive plan for accomplishing organisation's objectives and involves determining long term objectives, adopting a 	<p>1 ½</p> <p>+</p> <p>1 ½</p> <p>=3 marks</p> <p>OR</p> <p>1 ½</p>

	<p>particular course of action and allocating necessary resources.</p> <ul style="list-style-type: none"> ▪ Whenever a strategy is formulated, the business environment needs to be taken into consideration. <p>(ii) Policy:</p> <ul style="list-style-type: none"> • Policy is a general statement that guides thinking and channelizes energies towards a particular direction. It brings uniformity in decision making for achievement of predetermined objectives. • It defines the broad parameters within which a manager may function. • A manager may use his discretion to interpret and apply a policy. 	<p style="text-align: center;">+</p> <p style="text-align: center;">1 ½</p> <p style="text-align: center;">= 3 marks</p>
23	<p>Q. 'Capro Ltd.', an IT services firm was perceived as a passive provider focusing on fulfilling clients' orders without much innovation. In an attempt to change its image, the Chief Technical Officer of 'Capro Ltd.' called a meeting of technical heads in the conference room. The meeting was important as it was regarding launching programmes to encourage employees to generate ideas for value addition that their clients would appreciate and would help in changing the company's image.</p> <p>Shrinivas, a technical head was last to enter the conference room for the meeting and got a seat near the door of the conference room. As there was constant movement near the conference room, he could not attentively focus on the meeting, missing out on important points discussed in the meeting.</p> <p>(a) Identify and state the elements in the communication process that led to Shrinivas missing out on important points discussed in the meeting.</p> <p>(b) State any two other elements of the communication process other than the one identified in (a) above.</p> <p>Ans. (a) The element in the communication process that led to Shrinivas missing out on important points discussed in the meeting is Noise.</p> <p>Noise means some obstruction or hindrance caused to sender, message</p>	<p style="text-align: center;">(½ mark for identifying</p> <p style="text-align: center;">+</p> <p style="text-align: center;">½ mark for</p>

	<p>or receiver in the process of communication.</p> <p>(b) Other elements of the communication process are: (Any two)</p> <p>(i) <u>Sender</u> is the person who conveys his thoughts or ideas to the receiver.</p> <p>(ii) <u>Message</u> is the content of ideas, feelings, suggestions, order, etc., intended to be communicated.</p> <p>(iii) <u>Encoding</u> is the process of converting the message into communication symbols such as words, pictures, gestures etc.</p> <p>(iv) <u>Media</u> is the path through which encoded message is transmitted to receiver.</p> <p>(v) <u>Decoding</u> is the process of converting encoded symbols of the sender.</p> <p>(vi) <u>Receiver</u> is the person who receives communication of the sender.</p> <p>(vii) <u>Feedback</u> includes all those actions of receiver indicating that he has received and understood message of the sender.</p> <p><i>(If an examinee has only listed the underlined points, 1/2 mark for each point should be awarded)</i></p>	<p>statement)</p> <p>= 1 mark</p> <p>+</p> <p>1x2=2</p> <p>= 3 marks</p>									
<p>24</p>	<p>Q. Amrit Ltd. and Nimrit Ltd. are two companies manufacturing automotive parts for automobile companies. Amrit Ltd. had a capital employed of ₹80 lakhs comprising of equity share capital of ₹40 lakhs divided into 40,000 shares of ₹ 100 each and debt of ₹40 lakhs at 6%. Nimrit Ltd. also had capital employed of ₹80 lakhs divided into 80,000 equity shares of ₹100 each. Return on Investment (ROI) of both the companies is 10% and tax rate is 50%</p> <p>(a) Calculate Earning Per Share (EPS) for both the companies.</p> <p>(b) Which of the two companies has better Earning Per Share and why?</p> <p>Ans.</p> <p>(a) Calculation of Earning Per Share</p> <table border="1" data-bbox="194 1812 1149 2033"> <thead> <tr> <th>Particulars</th> <th>Amrit Ltd.</th> <th>Nimrit Ltd.</th> </tr> </thead> <tbody> <tr> <td>Capital employed</td> <td>₹80 lakhs</td> <td>₹80 lakhs</td> </tr> <tr> <td>Equity share capital</td> <td>₹40 lakhs (40,000 shares @₹100 each)</td> <td>₹80 lakhs (80,000 shares @ ₹100 each)</td> </tr> </tbody> </table>	Particulars	Amrit Ltd.	Nimrit Ltd.	Capital employed	₹80 lakhs	₹80 lakhs	Equity share capital	₹40 lakhs (40,000 shares @₹100 each)	₹80 lakhs (80,000 shares @ ₹100 each)	
Particulars	Amrit Ltd.	Nimrit Ltd.									
Capital employed	₹80 lakhs	₹80 lakhs									
Equity share capital	₹40 lakhs (40,000 shares @₹100 each)	₹80 lakhs (80,000 shares @ ₹100 each)									

	6% Debt	₹40 lakhs	-----		
	ROI	10%	10%		
	Earnings Before Interest and Tax(EBIT)	₹8,00,000	₹8,00,000		
	Less : Interest on debt(6%)	₹2,40,000	-----		1 ½ marks
	Earnings Before Tax (EBT)	₹5,60,000	₹8,00,000		
	Less: Tax @50%	₹2,80,000	₹4,00,000		+
	Earnings After Tax (EAT)	₹2,80,000	₹4,00,000		
	Earning Per Share(EPS) =EAT/Number of equity shares	₹7 per share (2,80,000/40,000)	₹5 per share (4,00,000/80,000)		
	<i>(If an examinee has shown calculations in any other way, full credit should to be given)</i>				
	(b) Amrit Ltd has better Earning Per Share as compared with Nimrit Ltd. The use of debt by Amrit Ltd. has increased the EPS because ROI of Amrit Ltd. is 10%, which is greater than its rate of interest on debt (6%).				(½ for the name of the company + 1 mark for reason) =1 ½
					= 3 marks
25	<p>Q. 'Mefco Ltd.' has been in online grocery e-commerce business for the last six years. Recently, it started facing increasing competition in the market. Understanding that speed of delivery in the key differentiator amongst online business firms, 'Mefco Ltd.' planned to launch 'Mefco Fast', a service designed to deliver the products to the customers within 10 minutes. It studied the market and made assumptions about the future regarding the convenience offered by such a service to the consumers who are increasingly seeking faster delivery options.</p> <p>(a) Identify the step of the planning process highlighted in the above case.</p> <p>(b) State the next three steps to be followed by 'Mefco Ltd.' after the step identified in (a) above.</p>				

	<p>Ans.</p> <p>(a) The step of the planning process highlighted in the above case is ‘Developing premises’.</p> <p>(b) Next three steps to be followed by ‘Mefco Ltd.’ after the step identified above are:</p> <p>(i) <u>Identifying alternative courses of action</u>, by discussing amongst the members of the organization.</p> <p>(ii) <u>Evaluating alternative courses of action by weighing pros and cons of each alternative</u> in the light of the objectives to be achieved.</p> <p>(iii) <u>Selecting an alternative</u> which is most feasible, profitable and with least negative consequences.</p> <p>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</p>	<p>1 mark</p> <p>+</p> <p>1x3=3</p> <p>= 4 marks</p>
26	<p>Q. 'Heights Engineering College' is one of the top engineering colleges in India known for its excellent academic programmes and strong industry connections. The college has a separate placement cell which maintains a close liaison with the universities, vocational schools and management institutes to recruit qualified persons for various jobs. It works tirelessly to connect students with some of the best companies for job opportunities.</p> <p>Shikhar, a brilliant Environmental Engineering student was excited when he was chosen by 'Nero', a major car manufacturing company for the post of Production Manager. He received the employment contract which included the terms, conditions and date of joining. Shikhar happily accepted the employment offer. On his first day at the company, Shikhar was given a brief presentation about the company and was introduced to his superiors, subordinates and colleagues. He was taken around the workplace and given charge of the job for which he was selected. Three months later, after settling into the job, Shikhar was called by his superior and given positive feedback about his current performance as per certain pre-determined standards.</p> <p>State four steps of the staffing process discussed in the above case.</p>	

	<p>Ans. Steps of the staffing process discussed in the above case are:</p> <p>(a). <u>Recruitment</u> is a process of searching for prospective employees and stimulating them to apply for jobs in the organisation in order to create a pool of the prospective job candidates.</p> <p>(b). <u>Selection</u> is the process of choosing the most suitable candidate from the pool of prospective candidates, in order to ensure that the organisation gets the best among available candidates.</p> <p>(c). <u>Placement and Orientation</u> refer to employee occupying the post for which he has been selected and introducing the selected employees to his seniors, subordinates and colleagues as well as familiarising him with the rules and policies of the organisation.</p> <p>(d). <u>Performance appraisal</u> involves evaluation of an employee's current/past performance as against certain predetermined standards and providing feedback.</p> <p><i>(If an examinee has given only the headings, 1/2 mark for each heading should be awarded)</i></p>	<p>1x4</p> <p>= 4 marks</p>
<p>27</p>	<p>Q.(a) Explain 'Organisational Climate' and 'Employee Recognition' as non-financial incentives.</p> <p>Ans.</p> <p>Organisational Climate:</p> <ul style="list-style-type: none"> • It indicates the characteristics which describe an organisation and distinguish one organisation from the other. • Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate. <p>Employee Recognition:</p> <ul style="list-style-type: none"> • It means acknowledging and appreciating the work performed by the employees by congratulating them, giving them awards 	<p>2</p> <p>+</p> <p>2</p>

	<p>etc.</p> <ul style="list-style-type: none"> • When such appreciation is given to the work performed by employees, they feel motivated to perform/work at higher level. <p style="text-align: center;">OR</p> <p>(b) Explain any two psychological barriers to effective communication.</p> <p>Ans. Psychological barriers to effective communication (Any two with suitable explanation):</p> <ul style="list-style-type: none"> (i) Premature evaluation (ii) Lack of attention (iii) Loss by transmission and poor retention (iv) Distrust <p><i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i></p>	<p style="text-align: center;">=</p> <p style="text-align: center;">4 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">(½ mark for naming the barrier and 1 ½ marks for explanation)</p> <p style="text-align: center;">2 x 2 =</p> <p style="text-align: center;">4 marks</p>
28	<p>Q.(a) State any four features of 'Motivation' as an element of Directing.</p> <p>Ans. Features of 'Motivation' as an element of Directing are:</p> <ul style="list-style-type: none"> (i) <u>Motivation is an internal feeling</u> as the urge, drives, desires, aspirations, striving or needs of human being influence human behaviour. (ii) <u>Motivation produces goal directed behaviour</u>, with the objective of improving employees' performance. (iii) <u>Motivation can be either positive</u> like increase in pay, promotion, recognition etc. <u>or negative</u> like punishment, stopping increments, threatening etc. (iv) <u>Motivation is a complex process</u> as any type of motivation may not have uniform effect on all the members because they are heterogeneous in their 	<p style="text-align: center;">1 x 4</p> <p style="text-align: center;">=4 marks</p>

	<p>expectations, perceptions and reactions.</p> <p><i>(If an examinee has only listed the underlined points, 1/2 mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>(b) State any four points of importance of 'Directing' function of management.</p> <p>Ans.</p> <p>Importance of Directing function (Any four)</p> <p>(i) Directing <u>helps to initiate action</u> by people in the organisation towards attainment of desired objectives by guiding the people and clarifying the doubts in performing a task.</p> <p>(ii) Directing <u>integrates employees' efforts</u> in the organisation in such a way that every individual effort contributes to the organisational performance.</p> <p>(iii) Directing <u>guides employees to fully realise their potential and capabilities</u> by motivating and providing effective leadership.</p> <p>(iv) Directing <u>facilitates introduction of needed changes</u> in the organisation by reducing resistance to change through motivation, communication and leadership.</p> <p>(v) Effective directing <u>helps to bring stability and balance</u> in the organisation by fostering cooperation and commitment among the people.</p> <p><i>(If an examinee has only listed the underlined points, 1/2 mark for each point should be awarded)</i></p>	<p style="text-align: center;">OR</p> <p style="text-align: center;">1x4</p> <p style="text-align: center;">=4 marks</p>
29	<p>Q. 'Reliable Appliances' and 'Modern Appliances' are two reputed companies, both manufacturing refrigerators. They have been in this business for many years, have a good reputation and a large customer base. The companies follow different marketing management philosophies and cater to different kinds of customers.</p> <p>'Reliable Appliances' focuses on producing large quantities of affordable basic refrigerators that meet the essential needs of customers. It follows a belief that customers will prefer products that are widely available and affordable. The company focuses on mass production to keep costs low. As a result, it attracts budget conscious consumers. On the other hand, 'Modern Appliances'</p>	

operates in the premium segment of the refrigerator market, attracting affluent buyers. It focuses on manufacturing refrigerators with advanced features such as Wi-Fi connectivity, built-in touch screen interface and advanced cooling systems, etc. It believes that customers will prefer products that offer superior quality with innovative features. For this, the company continuously improves its products' features and quality to differentiate itself from its competitors.

(a) Identify the 'Marketing Management Philosophies' of 'Reliable Appliances' and 'Modern Appliances'.

(b) Differentiate between the marketing management philosophies identified in (a) above on the basis of the following:

- (i) Main focus
- (ii) Means
- (iii) Ends

Ans.

(a). Reliable Appliances used 'Production' marketing management philosophy and Modern Appliances used 'Product' marketing management philosophy.

(b).

Bases	Production philosophy	Product philosophy
(i) Main focus	Its main focus is on quantity of product.	Its main focus is on quality, performance and features of product.
(ii) Means	According to this philosophy, products are to be made available at an affordable price.	According to this philosophy, product improvements are key to success.
(iii) Ends	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.

$\frac{1}{2} + \frac{1}{2}$
= 1 mark

+

1x3

=

4 marks

30 Q. 'Silver Mills' started their business as a B2B supplier of high

	<p>quality millet seeds. The firm was set up in a backward area of Ransdhan. The firm was earning just enough revenues to cover its cost. Over a period of time, due to rising awareness amongst people about the health benefits of millets and with the year 2023 declared as 'International Year of Millets', the demand for millets increased and the firm was able to earn profits. This gave a vital incentive to the firm to continue its successful operations. It then expanded its operations and introduced millet flour, millet-based snacks and millet-based beverages. With increase in its operations, it provided employment opportunities specially to women, involving them in dehusking, cleaning and packing of millets.</p> <p>State the objectives of management highlighted in the above case.</p> <p>Ans. Objectives of management highlighted in the above case are:</p> <p>(a) Organisational objectives: The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfil the economic objectives of a business. These are: Survival, Profit and Growth.</p> <p>(i) In order to survive, an organisation must earn enough revenues to cover costs.</p> <p>(ii) Profit provides vital incentive and is essential for covering costs and risks of the business.</p> <p>(iii) A business needs to add to its prospects in the long run, hence management must exploit fully the growth potential of the organisation to remain in the industry.</p> <p>(b). Social objectives involve consistently creating economic value for various constituents of society by using environmental friendly methods of production, providing employment opportunities, etc.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 ½</p> <p>+</p> <p>1 ½</p> <p>+</p> <p>1</p> <p>=4 marks</p>
31	Q. (a) Explain the following principles of Scientific Management:	

<p>(i) Science not Rule of Thumb (ii) Harmony, not Discord (iii) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity</p> <p>Ans.</p> <p>Principles of Scientific Management:</p> <p>(i) Science, not Rule of Thumb:</p> <ul style="list-style-type: none"> •It states that there is only one best method to maximise efficiency, which can be developed through work study and analysis. This best method should substitute ‘Rule of Thumb’ throughout the organisation. •Scientific method involves unifying the best practices and developing a standard method to be followed throughout the organisation. <p>(ii)Harmony, not Discord:</p> <ul style="list-style-type: none"> •This principle emphasises that there should be complete harmony between the management and the workers. Both should realise that each one is important. There should be complete mental revolution on the part of both management and workers and both should transform their thinking. •Management should share the gains of the company, if any, with the workers. At the same time, workers should work hard and be willing to embrace change for the good of the company. <p>(iii) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity:</p> <ul style="list-style-type: none"> • It states that each person should be scientifically selected and assigned work to suit their physical, mental and intellectual capabilities. To increase efficiency of the workers, they should be trained to learn the best method developed through scientific study. • Efficient employees would produce more and earn more. This will ensure greatest efficiency and prosperity for both the company and the workers. 	<p>2</p> <p>+</p> <p>2</p> <p>2</p> <p>= 6 marks</p>
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	<p style="text-align: center;">OR</p> <p>(b) Explain the following features of principles of management:</p> <p>(i) Universal applicability (ii) Cause and effect relationships (iii) General guidelines</p> <p>Ans. Features of principles of management:</p> <p>(i) Universal applicability:</p> <ul style="list-style-type: none"> • The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well as large, etc. • However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations, etc. <p>(ii) Cause and effect relationships:</p> <ul style="list-style-type: none"> • The principles of management are intended to establish relationship between cause and effect so that they can be used in similar situations in a large number of cases. • The principles of management are less than perfect since they mainly apply to human behaviour and in real life, situations are not identical, so accurate cause and effect relationships may be difficult to establish. <p>(iii) General guidelines:</p> <ul style="list-style-type: none"> • The principles are guidelines to action but do not provide readymade solutions to all managerial problems. • This is so because real business situations are very complex and dynamic and are a result of many factors. 	<p style="text-align: center;">OR</p> <p style="text-align: right;">2</p> <p style="text-align: right;">+</p> <p style="text-align: right;">2</p> <p style="text-align: right;">+</p> <p style="text-align: right;">2</p> <p style="text-align: right;">= 6 marks</p>
32	<p>Q. 'TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing'. 'Home Care', 'Personal Care',</p>	

<p>'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives.</p> <p>(a) Explain the organisational structure that 'TnG' should choose after it decided to diversify. Also give reason in support of your answer.</p> <p>(b) State how the organisational structure explained in (a) above will help the organisation and the heads of different departments. Give two points in favour of each.</p> <p>Ans.</p> <p>(a) TnG should choose divisional structure after it decided to diversify. This organisational structure comprises of separate business units or divisions, each unit having a divisional manager responsible for its performance.</p> <p><i>(If an examinee has only identified the organisational structure and not explained it, ½ mark should be awarded)</i></p> <p>Reason:</p> <p>Divisional structure is suitable when an organisation grows and starts manufacturing a large variety of products using different productive resources.</p> <p>(b) Advantages of divisional structure to the organization:</p> <p>(i) Divisional heads are <u>accountable for profits</u>, as revenues and costs related to different departments can be easily identified and assigned to them, which helps the organization in fixation of responsibility.</p> <p>(ii) It facilitates <u>expansion and growth</u> 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>Advantages of divisional structure to the heads of different departments:</p> <p>(i) <u>Product specialisation</u> helps in the development of varied skills in a divisional head and prepares him for higher</p>	<p>1 mark</p> <p>+</p> <p>1 mark</p> <p>+</p> <p>1x2 =2</p> <p>+</p>
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	<p>positions.</p> <p>(ii) Each division functions as an autonomous unit which helps the divisional head in <u>faster decision making</u> as well as promotes <u>flexibility and initiative</u>.</p> <p><i>(If an examinee has only listed the underlined points, 1/2 mark for each point should be awarded)</i></p>	<p>1x2 =2</p> <p>= 6 marks</p>
<p>33</p>	<p>Q.(a) Explain the following factors affecting requirements of working capital of a company:</p> <p>(i) Nature of business (ii) Inflation (iii) Seasonal factors (iv) Growth prospects</p> <p>Ans. Factors affecting requirements of working capital of a company :</p> <p>(i) Nature of business:</p> <ul style="list-style-type: none"> • A trading organisation usually needs a smaller amount of working capital as compared to a manufacturing organisation because there is usually no processing. • Service industries which usually do not have to maintain inventory require less working capital. <p>(ii) Inflation:</p> <ul style="list-style-type: none"> • With rising prices, larger amounts are required even to maintain a constant volume of production and sales. • The working capital requirement of a business becomes higher with higher rate of inflation. <p>(iii) Seasonal factors:</p> <ul style="list-style-type: none"> • In peak season, because of higher level of activity, larger amount of working capital is required by the business. • As against this, the level of activity as well as the requirement for working capital will be lower during the 	<p>1 ½</p> <p>+</p> <p>1 ½</p> <p>+</p> <p>1 ½</p>

	<p>lean season by the business.</p> <p>(iv) Growth prospects:</p> <ul style="list-style-type: none"> • If the growth potential of a concern is higher, it will require larger amount of working capital. • This is to enable it to meet higher production and sales target whenever required. <p style="text-align: center;">OR</p> <p>(b) Explain the following factors affecting dividend decisions of a company:</p> <p>(i) Stability of dividend (ii) Shareholders' preference (iii) Access to capital market (iv) Legal constraints</p> <p>Ans:</p> <p>(i) Stability of dividend:</p> <ul style="list-style-type: none"> • Companies generally follow a policy of stabilising dividend per share. • The increase in dividends is generally made when there is confidence that their earning potential has gone up and not just the earnings of the current year. <p>(ii) Shareholders' preference:</p> <ul style="list-style-type: none"> • If the shareholders desire that at least a certain amount is paid as dividend, in general the companies are likely to declare the same. • There are always some shareholders who depend upon a regular income from their investments. 	<p style="text-align: center;">+</p> <p style="text-align: center;">1 ½</p> <p style="text-align: center;">=</p> <p style="text-align: center;">6 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">+</p> <p style="text-align: center;">1 ½</p> <p style="text-align: center;">+</p>
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	<p>(iii) Access to capital market:</p> <ul style="list-style-type: none"> • Large and reputed companies depend less on retained earnings to finance their growth as they have easy access to the capital market. • Such companies pay higher dividends than the smaller companies which have relatively low access to the market. <p>(iv) Legal constraints:</p> <ul style="list-style-type: none"> • Certain provisions of the Companies Act place restrictions on payouts as dividend. • Such provisions must be adhered to while declaring the dividend. 	<p>1 ½</p> <p>+</p> <p>1 ½</p> <p>=</p> <p>6 marks</p>
34	<p>Q. Recognising the growing demand for luxury, convenience and personalised experience due to increased disposable income and busy work schedules, 'Ramneek Bros.' had launched a high end concierge service company two years ago. The company offers customised exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.</p> <p>Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide. The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world. To communicate availability and features of their services, Ramneek Bros. advertises in high class. magazines and depends upon word of mouth recommendations from existing clients. As a result, the company has successfully established itself as a market leader in their field.</p> <p>Quoting lines from the above case, identify and explain any three elements of marketing mix.</p> <p>Ans. Elements of marketing mix are (Any three):</p> <p>Product/Product mix:</p>	

<p>Quote: <i>“The company offers customized exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.”</i></p> <p>Product means goods or services or ‘anything of value’, which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.</p> <p>Price/Price mix:</p> <p>Quote: <i>“Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide.”</i></p> <p>Price is the amount of money customers have to pay to obtain the product. It involves decisions regarding the basic price of the product, discount to customers, traders, credit terms etc.</p> <p>Place/Physical Distribution mix:</p> <p>Quote: <i>“The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world.”</i></p> <p>Place or Physical Distribution include activities that make firm’s products available to the target customers.</p> <p>It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the intermediaries, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.</p> <p>Promotion/Promotion mix:</p> <p>Quote: <i>“...Ramneek Bros. advertises in high class magazines and depends upon word of mouth recommendations from existing clients.”</i></p> <p>Promotion refers to communicating availability, features, merits, etc. of the products and services to the target customers and</p>	<p>(½ mark for identifying the element + ½ mark for quoting + 1 mark for explanation =2 marks)</p> <p>=2x3</p>
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	<p>persuading them to buy it.</p> <p>It uses a combination of promotional tools such as advertising, personal selling and sales promotion techniques.</p>	<p>= 6 marks</p>
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