

<p style="text-align: center;">Marking Scheme Strictly Confidential (For Internal and Restricted use only) Senior School Certificate Examination, 2023 SUBJECT NAME :BUSINESS STUDIES (66/2/3)</p>	
<u>General Instructions: -</u>	
1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC.”
3	Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one’s own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them.
4	The Marking scheme carries only suggested value points for the answers These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after deliberation and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark(√) wherever answer is correct. For wrong answer CROSS ‘X’ be marked. Evaluators will not put right (✓) while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.

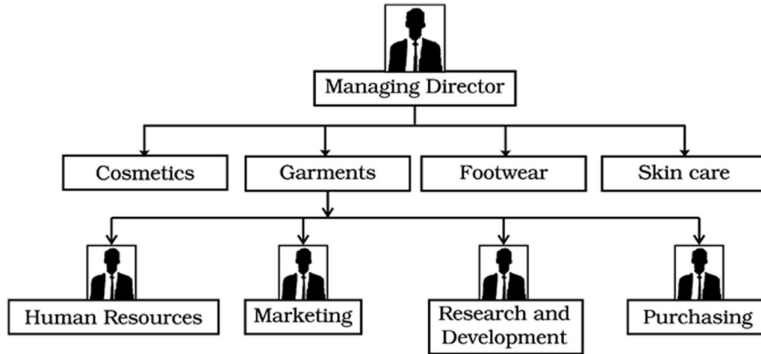
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks _____(example 0 to 80/70/60/50/40/30 marks as given in Question Paper) has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines).
13	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past:-</p> <ul style="list-style-type: none"> • Leaving answer or part thereof unassessed in an answer book. • Giving more marks for an answer than assigned to it. • Wrong totaling of marks awarded on an answer. • Wrong transfer of marks from the inside pages of the answer book to the title page. • Wrong question wise totaling on the title page. • Wrong totaling of marks of the two columns on the title page. • Wrong grand total. • Marks in words and figures not tallying/not same. • Wrong transfer of marks from the answer book to online award list. • Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) • Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks.
15	Any un assessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for spot Evaluation” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

MARKING SCHEME

Senior Secondary School Examination, 2023

BUSINESS STUDIES (Subject Code — 054)**[Paper Code — 66/2/3]**

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. Which of the following items is a component of economic environment?</p> <p>(a) Expansion of transportation and communication services in Delhi.</p> <p>(b) Facility of booking train tickets, through mobile apps.</p> <p>(c) Restriction on 15-years-old petrol vehicles plying on roads in Delhi.</p> <p>(d) The Haryana Government's announcement of free bus rides females on the occasion of Rakshabandhan.</p> <p>Ans. (a) Expansion of Transportation and communication services in Delhi.</p>	1 mark
2.	<p>Q. Akash works as a production manager in 'Elite Enterprises' manufacturing LED lights. Due to festive season, there is lot of demand for their lights. Akash was given the task of producing 100 units of LED lights @ ₹200 per unit within 5 days for an urgent order. Akash was able to achieve the target of 100 units of LED lights within 5 days @ ₹220 per unit. Identify from the following whether Akash is:</p> <p>(a) Efficient only</p> <p>(b) Effective only</p> <p>(c) Both efficient and effective</p> <p>(d) Neither efficient nor effective</p> <p>Ans. (b) Effective only</p>	1 mark
3.	<p>Q. Which of the following features of 'Management as an Art' highlights that every manager applies his knowledge of principles in his own way to deal with a given situation?</p> <p>(a) Ethical code of conduct</p> <p>(b) Existence of theoretical knowledge</p>	

	<p>(c) Personalised application (d) Universal Validity</p> <p>Ans. (c) Personalised application</p>	1 mark
4.	<p>Q.</p>  <pre> graph TD MD[Managing Director] --> Cosmetics MD --> Garments MD --> Footwear MD --> SkinCare[Skin care] Cosmetics --> HR[Human Resources] Garments --> Marketing Footwear --> RnD[Research and Development] SkinCare --> Purchasing </pre> <p>Identify the type of organization structure depicted in the above diagram:</p> <p>(a) Divisional structure (b) Functional structure (c) Informal Structure (d) Both Informal and Functional Structure</p> <p>Ans. (a) Divisional structure</p>	1 mark
5.	<p>Q. With a revolution taking place in the manufacturing of mobile phones with super class cameras, the business of cameras in the consumer market has taken a hit. Studies show that mobile phone photography has devastated the camera industry.</p> <p>The dimension of business environment highlighted in the above case is:</p> <p>(a) Economic Environment (b) Technological Environment (c) Social Environment (d) Political Environment</p> <p>Ans.(b) Technological Environment</p>	1 mark

6.	<p>Q. ‘RP Infotech Ltd.’ decided to approach ‘Patel Engineering College’ to recruit qualified personnel for various technical jobs in its newly opened branch in Surat.</p> <p>Which source of recruitment from the following has been used by ‘RP Infotech Ltd.’ in the above case:</p> <p>(a) Direct Recruitment (b) Placement Agencies and Management Consultants (c) Campus Recruitment (d) Recommendation of employees</p> <p>Ans. (c) Campus Recruitment</p>	1 mark
7.	<p>Q. ‘M/s J.K. Computers’ is a small organisation engaged in assembling of computers. In this organisation, decision making rests with top management while the middle level is involved in only the implementation of plans. On the other hand, ‘Progressive Computers Ltd.’ is a large company where a number of people from each level are involved in the decision-making process.</p> <p>The application of the principle of ‘Centralisation and Decentralisation’ is different in the two organisations as the situation in each enterprise is not same.</p> <p>From the following identify the nature of principles of management:</p> <p>(a) Mainly Behavioural (b) Contingent (c) Flexible (d) Universal</p> <p>Ans. (c) Flexible</p>	1 mark
8.	<p>Q. Gitanjali Makan is a successful business leader. She believes that if jobs are made interesting by including greater variety of work content and</p>	

	<p>providing a meaningful work experience, the jobs themselves become a source of motivation to individuals.</p> <p>The non-financial incentive that has been discussed in the above case is:</p> <p>(a) Employee participation (b) Job Enrichment (c) Career Advancement Opportunity (d) Job Security</p> <p>Ans. (b) Job Enrichment</p>	1 mark
9.	<p>Q. In an organisation, coordination is the function of every manager. Top level managers need to coordinate with their subordinates to ensure that the overall plans of the organisation are duly carried out. Middle level managers coordinate with both the top level and the supervisory level managers. Supervisory level managers coordinate the activities of workers to ensure that work proceeds according to plans. The characteristic of coordination discussed in the above para is:</p> <p>(a) Coordination is a continuous process (b) Coordination is a deliberate function. (c) Coordination is the responsibility of all Managers. (d) Coordination integrates group efforts.</p> <p>Ans. (c) Coordination is the responsibility of all managers.</p>	1 mark
10.	<p>Q. The management of a bag manufacturing company has recently changed. Due to this, an improvement can be felt in the way company functions. Now, targets are met according to plans, whereas, earlier deadlines were never given importance. Now there is orderliness, instead of chaos in the organisation and the employees are happy and satisfied. From the following identify the characteristic of management which is highlighted in the above case:</p> <p>(a) Management is dynamic.</p>	

	<p>(b) Management is a continuous process. (c) Management is a group activity. (d) Management is an intangible force.</p> <p>Ans. (d) Management is an intangible force</p>	1 mark
11.	<p>Q. Statement -I: Capital market instruments are considered riskier both with respect to returns and principal repayment. Statement -II: Capital market investment generally yields a higher return for investors. Choose the correct option from the options given below:</p> <p>(a) Statement - I is true and II is false. (b) Statement- II is true and I is false. (c) Both the statements are true. (d) Both the statements are false.</p> <p>Ans. (c) Both the statements are true.</p>	1 mark
12.	<p>Q. When the proportion of debt and equity is such that it results in an increase in the value of equity share the _____ is/are said to be optimal.</p> <p>(a) working capital (b) fixed capital (c) capital structure (d) Both (a) and (b)</p> <p>Ans. (c) Capital structure</p>	1 mark
13.	<p>Q. ‘An organisation structure is deliberately designed by the top management to facilitate smooth functioning of the organisation.’ Which of the following is not a feature of such a structure?</p> <p>(a) It clarifies who has to report to whom. (b) There is systematic coordination among the various activities to achieve organisational goals.</p>	

	<p>(c) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.</p> <p>(d) It places more emphasis on work to be performed than interpersonal relationships among the employees</p> <p>Ans. (c) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.</p>	1 mark								
14.	<p>Q. The function of marketing ensures the buyers that goods confirm to predetermined standards of quality and reduces the need for inspection. It also ensures that goods belong to a particular quality and helps in realising higher prices for high quality output.</p> <p>(a) Product Designing and Development</p> <p>(b) Standardisation and Grading</p> <p>(c) Marketing Planning</p> <p>(d) Branding</p> <p>Ans. (b) Standardisation and Grading</p>	1 mark								
15.	<p>Q. Match the various items of Column - I with the respective statement in Column-II.</p> <table><tr><th>Column- I</th><th>Column- II</th></tr><tr><td>a. Advertising</td><td>(i) Creates a positive image about the company and its products.</td></tr><tr><td>b. Personal selling</td><td>(ii) Paid form of impersonal communication.</td></tr><tr><td>c. Public relations</td><td>(iii) Develop Personal relationship with the prospective buyer.</td></tr></table> <p>a b c</p> <p>(a) (ii) (iii) (i)</p> <p>(b) (i) (iii) (ii)</p>	Column- I	Column- II	a. Advertising	(i) Creates a positive image about the company and its products.	b. Personal selling	(ii) Paid form of impersonal communication.	c. Public relations	(iii) Develop Personal relationship with the prospective buyer.	
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	<p>(c) (iii) (ii) (i) (d) (ii) (i) (iii) (e)</p> <p>Ans. (a) a (ii), b (iii), c (i)</p>	1 mark
16.	<p>Q. In which of the following situations, a company will fix high price for its product?</p> <p>(a) When firm's objective is to obtain larger share of the market.</p> <p>(b) When the firm is facing difficulties in surviving in the market because of intense competition.</p> <p>(c) When the firm wants to cover high cost of Research and Development to attain product quality leadership.</p> <p>(d) When the firm wants to maximise its total profit in the long run.</p> <p>Ans. (c) When the firm wants to cover high cost of Research and Development to attain product quality leadership.</p>	1 mark
17.	<p>Q. Which of the following is not a function of Securities and Exchange Board of India (SEBI) ?</p> <p>(a) Training of intermediaries of the securities market</p> <p>(b) Controlling insider trading</p> <p>(c) Registration of brokers and sub-brokers and other players in the market</p> <p>(d) Pricing of securities</p> <p>Ans. (d) Pricing of securities</p>	1 mark
18.	<p>Q. Which of the following statements is <u>Not</u> true for primary market?</p> <p>(a) There is no fixed Geographical location.</p> <p>(b) Only buying of securities takes place, securities cannot be sold there.</p> <p>(c) Prices are determined by demand and supply of the security.</p> <p>(d) It directly promotes capital formation.</p>	

	<p>Ans. (c) Prices are determined by demand and supply of the security.</p>	1 mark
19.	<p>Q. Which of the following will not be considered as consumers as per Consumer Protection Act, 2019?</p> <p>(a) A person, who avails any service for a consideration which has been partly paid.</p> <p>(b) Any user of goods if such use is made with the approval of the buyer.</p> <p>(c) A person who purchases goods through online means.</p> <p>(d) A person who obtains goods for resale purposes.</p> <p>Ans. (d) A person who obtains goods for resale purposes.</p>	1 mark
20.	<p>Q. As per Consumer Protection Act, 2019, “the consumer has a right to get relief in case the product or service falls short of his expectations.”</p> <p>Which consumer right is discussed in the above statement?</p> <p>(a) Right to be heard (b) Right to be assured</p> <p>(c) Right to seek redressal (d) Right to safety</p> <p>Ans. (c) Right to seek redressal</p>	1 mark
21.	<p>Q. The students of Class XII of ‘NK Senior Secondary School’ visited the factory of ‘Jaipur Exports Private Limited’, a company manufacturing readymade garments. They observed that different workers were allocated different tasks like cutting the fabric as per specification, stitching dresses, putting buttons, ironing the finished dresses, packing them and putting labels. The Chief Executive Officer told the students that this results in efficient and effective output. They also observed orderliness in the factory as there was a fixed place for everything and it was present there.</p>	

	<p>The students later discussed with their Business Studies teacher and understood that principles of management given by Fayol were being followed in the factory.</p> <p>Identify and explain the two principles of management that have been discussed in the above case.</p> <p>Ans.</p> <p>(i) Division of work</p> <ul style="list-style-type: none"> • According to the principle of Division of Work, work is divided into small tasks/ jobs. • A trained specialist who is competent is required to perform each job, leading to specialisation. This results in effective and efficient output. <p>(ii) <u>Order</u></p> <ul style="list-style-type: none"> • The principle of order states that ‘A place for everything (everyone) and everything (everyone) in its (her/his) place’. Essentially it means orderliness. • 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. This will lead to increased productivity and efficiency. 	<p>½ mark for identification of each principle + 1 mark for its explanation</p> <p>= 1 ½ x 2</p> <p>=3 marks</p>
22.	<p>Q. Keshav Bannerjee is the Chief Executive Officer (CEO) of ‘Das Networking Ltd.’, a leading IT company in Bengaluru. He believes that if needs of employees are taken care of, the employees take good care of the customers. In this company various benefits are provided to the employees to help them meet their medical and housing needs etc., while in job. It is also providing benefits like gratuity at the time of their retirement. The employees are provided various opportunities to attend skill development programmes to improve their skills and be promoted to the higher- level jobs.</p>	

	<p>Identify and state the three incentives offered by the company in the above para to improve the performance of its employees.</p> <p>Ans. <u>Incentives offered by the company</u></p> <p>(i) Perquisites 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>(ii) Retirement benefits 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>(iii) Career Advancement Opportunity Career Advancement Opportunity includes opportunities provided to employees to improve their skills and be promoted to the higher-level jobs.</p>	<p>½ mark for identification of each incentive</p> <p>+ ½ mark for its statement</p> <p>= 1 x 3 = 3 marks</p>
23.	<p>Q. (a) Explain ‘Internship’ as a method of training.</p> <p>Ans. Internship</p> <ul style="list-style-type: none"> It is an on-the-job method of training which involves a joint programme in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period and also work in some factory or office to acquire practical knowledge and skills. <p style="text-align: center;">OR</p> <p>(b) Explain any three points highlighting the importance of Staffing.</p>	<p>3 marks</p> <p style="text-align: center;">OR</p>

	<p>Ans <u>Importance of Staffing (any three):</u></p> <ul style="list-style-type: none"> (i) It helps in <u>discovering and obtaining competent personnel</u> for various jobs. (ii) It makes for <u>higher performance</u> by putting right person on the right job. (iii) It ensures <u>continuous survival and growth</u> of the enterprise through the succession planning for managers. (iv) It helps to ensure <u>optimum utilisation of human resources</u> by avoiding overmanning and under-utilisation of personnel. (v) It improves <u>job satisfaction and morale</u> of employees through objective assessment and fair rewarding of their contribution. <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>= 1×3</p> <p>= 3 marks</p>
24.	<p>Q. (a) Explain any three functions of stock exchange.</p> <p>Ans <u>Functions of stock exchange</u> (any three with explanation):</p> <ul style="list-style-type: none"> (i) Providing liquidity and marketability to exiting securities (ii) Determining the prices of securities (iii) Ensuring safety of transactions (iv) Contributing to economic growth (v) Spreading of Equity Cult (vi) Providing scope for speculation <p style="text-align: center;">OR</p> <p>(b) State any three factors determining the choice of an appropriate capital structure of a company.</p> <p>Ans. Factors determining the choice of an appropriate capital structure (any three):</p> <ol style="list-style-type: none"> 1. <u>Cash flow position</u> must be considered to meet fixed payment obligations associated with debt. 	<p>= ½ mark for naming + ½ mark for explanation = 1 x 3 =3 marks</p> <p style="text-align: center;">OR</p> <p>= 1 x 3 = 3 marks</p>

	<ol style="list-style-type: none"> 2. <u>The higher the Interest Coverage Ratio (ICR)</u>, lower shall be the risk of company failing to meet its interest payment obligations. 3. A higher <u>Debt Service Coverage Ratio (DSCR)</u> indicates the company's potential to increase debt component in its capital structure. 4. If the <u>Return on Investment (RoI)</u> of the company is higher than the interest on debt, its ability to use debt is greater. 5. A firm's ability to borrow (<u>cost of debt</u>) at a lower rate increases its capacity to employ higher debt. 6. A higher <u>tax rate</u> makes debt relatively cheaper and increases its attraction vis-à-vis equity. 7. <u>Cost of Equity</u> increases when debt is used beyond a certain point. 8. <u>Floatation cost</u> of raising various resources may also affect the choice between debt and equity. 9. If a firm's <u>business risk</u> is lower, its capacity to use debt is higher and vice versa. 10. If a firm uses its debt potential to the full, it loses <u>flexibility</u> to issue further debt. 11. Debt normally does not cause a dilution of <u>control</u> while a public issue of equity may reduce the managements' holding in the company. 12. Every company operates within a <u>regulatory framework</u> provided by the law, so the relative ease with which the norms can be met may have a bearing upon the choice of the source of finance. 13. If the <u>stock markets</u> are bullish, equity shares are more easily sold whereas during a bearish phase, a company may opt for debt. 	
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	<p>14. A useful guideline in the capital structure planning is the <u>capital structure of other companies</u> in the same industry.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	
25.	<p>Q. (a) State any four limitations of using internal sources of recruitment.</p> <p>Ans <u>Limitations of using internal sources of recruitment (any four):</u></p> <p>(i) When vacancies are filled through internal promotions, the scope for induction of <u>fresh talent is reduced</u> and ‘infusion of new blood’ into the organisation is stopped.</p> <p>(ii) The employees may become <u>lethargic</u> if they are sure of time-bound promotions.</p> <p>(iii) A <u>new enterprise</u> cannot use internal sources of recruitment. No organisation can fill <u>all its vacancies</u> from internal sources.</p> <p>(iv) The <u>spirit of competition</u> among the employees may be hampered.</p> <p>(v) <u>Frequent transfers</u> of employees may often reduce the productivity of the organisation.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p> <p style="text-align: center;">OR</p> <p>(b) What is meant by ‘directing’ function of management. State any three points highlighting the importance of ‘directing’ function.</p>	<p style="text-align: center;">= 1 x 4</p> <p style="text-align: center;">=4 marks</p> <p style="text-align: center;">OR</p>

	<p>Ans. ‘Directing’ means the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. (or any other correct meaning)</p> <p><u>Importance of ‘directing’ function (any three):</u></p> <p>(i) Directing helps to <u>initiate action</u> by people in the organization towards attainment of desired objectives by guiding the people and clarifying the doubts in performing a task.</p> <p>(ii) Directing <u>integrates employees’</u> efforts in the organization in such a way that every individual effort contributes to the organizational performance.</p> <p>(iii) Directing <u>guides employees</u> to fully realize their potential and capabilities by motivating and providing effective leadership.</p> <p>(iv) Directing facilitates <u>introduction of needed changes</u> in the organization through effective motivation, communication and leadership.</p> <p>(v) Directing helps to <u>bring stability</u> and balance in the organization by fostering co-operation and commitment among the people.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each point of importance</p> <p>= 1 + 3</p> <p>=4 marks</p>
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26.	<p>(a) How does controlling function of management ‘ensures order and discipline’ and ‘helps in judging accuracy of standards’? Explain.</p> <p>Ans</p> <p><u>Controlling ensures order and discipline</u> in the organisation by helping to minimise dishonest behaviour on the part of the employees and keeping a close check on their activities.</p> <p><u>Controlling helps in judging the accuracy of standards</u> by keeping a careful check on the changes taking place in the organization and in the environment and reviewing and revising the standards in light of such changes.</p> <p style="text-align: center;">OR</p> <p>(b) Explain any two organisational barriers to communication.</p> <p>Ans. <u>Organisational barriers to communication (Any two with explanation):</u></p> <p>(i) Organisational policy: If the organisational policy, is not supportive to free flow of communication, it may hamper effectiveness of communications.</p> <p>(ii) Rules and regulations: Rigid rules and cumbersome procedures may be a hurdle to communication. Communications through prescribed channel may result in delays.</p> <p>(iii) Status: Status of superior may create psychological distance between him and his subordinates. A status conscious manager also may not allow his subordinates to express their feelings freely.</p> <p>(iv) Complexity in organisation structure: In an organisation where there are number of managerial</p>	<p>2</p> <p>+</p> <p>2</p> <p>=4 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming +</p> <p>1 ½ mark for its explanation</p> <p>= 2×2 =4 marks</p>
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	<p>levels, communication gets delayed and distorted as number of filtering points are more.</p> <p>(v) Organisational facilities: If facilities for smooth, clear and timely communications are not provided communications may be hampered. Lack of facilities like frequent meetings, suggestion box, complaint box, social and cultural gathering, transparency in operations, etc., may create communication problems.</p>	
27.	<p>Q. ‘Zenith Mall’ is a famous shopping mall in Mumbai, owned by ‘Pinnacle Group’. It is very popular for its international and national brands of fashionable clothes, restaurants, cinema halls and food courts. The management of Pinnacle Group has decided to open a new branch of the mall in Pune. This decision was very crucial for the management as it involves huge amounts.</p> <p>(i) Identify and state the financial decision involved in the above case.</p> <p>(ii) State any two factors affecting the decision identified in (i) above.</p> <p>Ans.</p> <p>(i) <u>Investment decision</u> The investment decision relates to how the firm’s funds are invested in different assets.</p> <p>(ii) <u>Factors affecting Investment decision (any two):</u></p> <p>(a) A company should carefully analyse the <u>cash flows</u> that will be generated over the period, as a series of cash receipts and payments over the life of an investment.</p> <p>(b) The <u>rate of return</u> expected from a proposal involving huge sums is a factor affecting investment decision.</p> <p>(c) There are different <u>investment criteria</u> involved with each proposal like the amount of investment, interest</p>	<p>1 mark for identification +1 mark for the statement</p> <p>+</p> <p>1 mark for each factor</p> <p>= 2 + 2 = 4 marks</p>

	rate, etc. which should be considered before selecting a particular project.																					
28.	<p>Q. Distinguish between ‘Capital market’ and ‘Money Market’ on the basis of following:</p> <p>(i) Duration (ii) Liquidity (iii) Safety (iv) Investment Outlay</p> <p>Ans <u>Distinction between ‘Capital market’ and ‘Money Market’</u></p> <table><tr><th></th><th>Basis</th><th>Capital Market</th><th>Money Market</th></tr><tr><td>(i)</td><td>Duration</td><td>Capital market deals in medium term and long term securities.</td><td>Money market securities have a maximum tenure of one year.</td></tr><tr><td>(ii)</td><td>Liquidity</td><td>Capital market securities are comparatively less liquid as a share may not be actively traded or may not easily find a buyer.</td><td>Money market instruments enjoy a higher degree of liquidity as there is a formal agreement for this.</td></tr><tr><td>(iii)</td><td>Safety</td><td>Riskier as issuing companies may fail to perform or defraud investors.</td><td>Much safer with a minimum risk of default.</td></tr><tr><td>(iv)</td><td>Investment outlay.</td><td>Does not necessarily require a huge financial outlay as the value of units of securities is generally low.</td><td>Transactions entail huge sums of money as the instruments are quite expensive.</td></tr></table>		Basis	Capital Market	Money Market	(i)	Duration	Capital market deals in medium term and long term securities.	Money market securities have a maximum tenure of one year.	(ii)	Liquidity	Capital market securities are comparatively less liquid as a share may not be actively traded or may not easily find a buyer.	Money market instruments enjoy a higher degree of liquidity as there is a formal agreement for this.	(iii)	Safety	Riskier as issuing companies may fail to perform or defraud investors.	Much safer with a minimum risk of default.	(iv)	Investment outlay.	Does not necessarily require a huge financial outlay as the value of units of securities is generally low.	Transactions entail huge sums of money as the instruments are quite expensive.	<p>= 1 x 4 = 4 marks</p>
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29.	<p>Q. Rajneesh purchased a 500 ml bottle of fruit juice for ₹60 in Ahmedabad from a local store. While consuming it, he found an insect floating in it. He sent a legal notice to the company immediately and decided to approach a Consumer Disputes Redressal Agency for a relief of ₹2 lakhs.</p> <p>(i) Which Consumer Disputes Redressal Agency did Rajneesh approach, out of the three-tier machinery set up under Consumer Protection Act, 2019 for redressal?</p> <p>(ii) If Rajneesh is not satisfied by the order of the above Agency, where can he appeal against such order and within how many days?</p> <p>(iii) State any two reliefs that can be granted to Rajneesh in the above case.</p> <p>Ans. (i) Rajneesh can approach District Consumer Disputes Redressal Commission (District Commission).</p> <p>(ii) If Rajneesh is not satisfied by the order of District Consumer Disputes Redressal Commission (District Commission), he can appeal against such order to the State Consumer Disputes Redressal Commission (State Commission) within 45 days from such order.</p> <p>(iii) <u>Reliefs that can be granted to Rajneesh (any two):</u></p> <p>(a) To <u>replace</u> the defective product with a new one.</p> <p>(b) To <u>refund</u> the price paid for the product.</p> <p>(c) To pay a reasonable amount of <u>compensation</u> for any loss suffered by the consumer due to the negligence of the opposite party.</p> <p>(d) To pay <u>punitive damages</u>.</p> <p>(e) <u>Not to offer</u> such (hazardous) goods for sale.</p>	<p>1</p> <p>+</p> <p>$\frac{1}{2} + \frac{1}{2}$</p> <p>+</p> <p>1 x 2</p>
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	<p>(f) To <u>withdraw</u> such (hazardous) goods from sale.</p> <p>(g) To <u>cease to manufacture</u> of such (hazardous) goods.</p> <p>(h) Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.</p> <p>(i) To pay any amount (not less than 5% of the value of such goods) to be credited to <u>Consumer Welfare Fund</u> or any other organisation/person to be utilised in the prescribed manner.</p> <p>(j) To pay <u>adequate costs</u> to the appropriate party.</p>	<p>= 1+1+2 4 marks</p>
30.	<p>Q. Balvinder is the Production Manager of 'Pramod Tea Company' in Guwahati. He gives orders to his subordinates and expects that they obey those orders. He does not consult them nor encourage them to participate in decision making.</p> <p>(i) Identify and state the leadership style adopted by Balvinder.</p> <p>(ii) When can this style be effectively used by a manager? State.</p> <p>Ans. (i) Autocratic or Authoritarian style</p> <p>An autocratic leader gives orders and expects his subordinates to obey those orders.</p> <p>(ii) Autocratic style can be effectively used by a manager in the following situations:</p> <p>(a) where the supervisor is responsible for production time and has to ensure labour productivity.</p> <p>(b) where quick decision-making is needed.</p>	<p>1 mark for identification + 1 mark for its statement + 1 mark for each situation</p> <p>= 1+1+2 =4 marks</p>

31.	<p>(a) Explain the following principles of management given by Fayol</p> <p>(i) Discipline</p> <p>(ii) Remuneration to employees</p> <p>(iii)Unity of Command</p> <p>Ans</p> <p>(i) Discipline</p> <ul style="list-style-type: none"> • Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. • According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties. <p>(ii) Remuneration</p> <ul style="list-style-type: none"> • The overall pay and compensation should be fair to both, employees and the organisation. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time, it should be within the paying capacity of the company. • If remuneration is just and equitable, it will ensure congenial atmosphere and good relations between workers and management. <p>(iii)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 and dual subordination should be avoided to prevent confusion. • If this principle is violated, authority is undermined, discipline is in jeopardy, order disturbed and stability threatened. 	<p>2</p> <p>+</p> <p>2</p> <p>+</p> <p>2</p> <p>= 6 marks</p>
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	<p style="text-align: center;">OR</p> <p>(b) Explain any three points that highlight the importance of ‘Principles of Management’.</p> <p>Ans <u>Importance of management principles (Any three):</u></p> <p>(i) Provide managers with useful insights into reality.</p> <p>(ii) Optimum utilisation of resources and effective administration</p> <p>(iii) Scientific decisions</p> <p>(iv) Meeting changing environment requirements</p> <p>(v) Fulfilling social responsibility</p> <p>(vi) Management training, education and research.</p>	<p style="text-align: center;">OR</p> <p>½ mark for naming + 1 ½ mark for explanation</p> <p>= 2 x 3</p> <p>= 6 marks</p>
32.	<p>Q. The Government of India in its budget for the financial year of 2021-22 reiterated its support for Electric Vehicle sector. The Government launched several schemes and incentives to boost their demand as well as to motivate manufacturers to invest in the same. Inspired by these incentives and concerned about the environmental impact of gas and diesel-powered engines, Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He set a target of earning Return On Investment of 10% in the first year itself and forecasted that the demand for electric cars will increase by 20 million in the next few years.</p> <p>The above case highlights the first two steps of the process of one of the important functions of management.</p> <p>(a) Identify the function of management discussed above.</p> <p>(b) State the remaining steps required to complete the above process.</p> <p>Ans.</p>	

	<p>(a) Planning</p> <p>(b) Remaining steps required to complete Planning process:</p> <p>(i) <u>Identifying alternative courses</u> of action which may be used to achieve the set objectives.</p> <p>(ii) <u>Evaluating alternative courses of action</u> involves evaluating the positive and negative aspects of each proposal in the light of the objective to be achieved.</p> <p>(iii) <u>Selecting the best alternative</u> is the real point of decision making and involves selecting the best possible course of action.</p> <p>(iv) <u>Implementing the plan</u> is the step where other managerial functions also come into the picture.</p> <p>(v) <u>Follow-up action</u> involves monitoring whether plans are being implemented and activities are performed according to schedule.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for each step</p> <p>= 1 +5 = 6 marks</p>
33.	<p>Q. (a) Planning is important as it provides directions for action, reduces the risks of uncertainty and facilitates decision making' Explain.</p> <p>Ans</p> <p>Provides direction – Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.</p> <p>Reduces the risk of uncertainty – By deciding in advance the tasks to be performed, planning anticipates the changes and managerial responses to them can be developed, thereby, reducing the risk of uncertainty.</p>	<p>2</p> <p>+</p> <p>2</p> <p>+</p>

	<p>Facilitates decision-making – Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action by evaluating them.</p> <p style="text-align: center;">OR</p> <p>(b) Delegation of authority 'Develops employees', 'Motivates them' and 'Facilitates growth.' Explain how.</p> <p>Ans.</p> <p>Develops Employees -As a result of delegation, employees get more opportunities to utilize their talent and allows them to develop those skills which enable them to perform complex tasks. Delegation helps them to prepare better future managers.</p> <p>Delegation motivates employees- Responsibility for work builds the self-esteem of an employee and improves his confidence. He feels encouraged and tries to improve his performance further.</p> <p>Delegation facilitates growth -Delegation helps in the expansion of an organization by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in the launch of new projects.</p>	<p>2</p> <p>=6 marks</p> <p>OR</p> <p>2</p> <p>+</p> <p>2</p> <p>+</p> <p>2</p> <p>=6 marks</p>
34.	<p>Q. 'Maharana' is a famous take-away food outlet in Meerut. It is quite popular among local people and travellers on the national highway. It offers a wide variety of 'paranthas' and 'sandwiches' packed in special containers which are designed and developed by them to keep the food hot and fresh. Considering the tough competition in the nearby area, the prices have been set reasonably low.</p>	

	<p>The owner Nirmal Singh spends huge sums of money to put large hoardings and kiosks in the vicinity, to inform the people about the outlet's location and the special items on its menu.</p> <p>The firm is performing various marketing functions to achieve its marketing objectives.</p> <p>On the basis of the information given in the above case identify and explain any three marketing functions.</p> <p>Ans. Marketing Functions (any three):</p> <p>(i) Branding- Branding is the process of giving a name or sign or a symbol to a product which helps in identifying and distinguishing it from the competitor's products.</p> <p>(ii) Packaging – Packaging refers to designing and developing the package for the products. It is important not only for protection of the products but also serves as a promotional tool.</p> <p>(iii) Pricing of Product – Price of product refers to the amount of money customers have to pay to obtain a product. Generally, lower the price, higher would be demand for the product and vice versa.</p> <p>(iv) Promotion – Promotion of products involves informing the customers about the firm's product, its features, etc. and persuading them to purchase these products. The methods of promotion include advertising, personal selling, public relations and sales Promotion.</p>	<p>½ mark for identification + 1 ½ mark for its explanation</p> <p>= 2 x 3 =6 marks</p>
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