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Senior School Certificate Examination

March -----2023

Marking Scheme---Business Studies 66/5/2

General Instructions:


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.) <p>Half or a part of answer marked correct and the rest as wrong, but no marks awarded.</p>
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 unassessed 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– 2023 BUSINESS STUDIES 66/5/2 EXPECTED ANSWERS / VALUE POINTS	Marks
	SECTION A	
1	<p>Q. Statement-I: The concept of product relates to not only the physical product but also the benefits offered by it from customer's point of view.</p> <p>Statement-II: The concept of product does not include the extended product by way of after sale services, availability of spare parts, handling complaints etc.</p> <p>Choose the correct option from the following</p> <p>(A) Both Statement-I and Statement-II are correct.</p> <p>(B) Both Statement-I and Statement-II are incorrect.</p> <p>(C) Statement-I is correct and Statement-II is incorrect</p> <p>(D) Statement-I is incorrect and Statement-II is correct.</p> <p>Ans. (C) Statement-I is correct and Statement-II is incorrect.</p>	1 mark
2	<p>Q. The activities whose outcome not only improves the job performance but also help individuals in the progress towards maturity and actualisation of their potential capacities is known as</p> <p>(A) training.</p> <p>(B) education.</p> <p>(C) development.</p> <p>(D) performance appraisal</p> <p>Ans. (C) development.</p>	1 mark
3	<p>Q. Himanshu is working as a 'Marketing Manager' in 'Suvidit-Air-Conditioners', a well known brand in the field of air-conditioners. Till last month the company was able to achieve its sales targets. But this month Himanshu observed that targets were not being met and the number of air-conditioners sold was decreasing. He analysed the situation and found that the new salesman appointed last month was not good and for this he took necessary action.</p>	

	<p>Which of the following function of management helped Himanshu to identify the decrease in sale</p> <p>(A) Planning (B) Organising (C) Directing (D) Controlling</p> <p>Ans. (D) Controlling</p>	1 mark
4	<p>Q. ‘Whether the decisions have been translated into desired actions or not’ can be confirmed by performing which of the following function of management?</p> <p>(A) Planning (B) Organising (C) Directing (D) Controlling</p> <p>Ans. (D) Controlling</p>	1 mark
5	<p>Different organisations have different goals. 'Zeepo' is an upcoming retail chain for providing consumer goods door-to-door, the objective of this organisation is to increase sales. 'Allie' is an educational organisation working with an objective of providing education to under privileged children of the society. Management of each of these organisations unite the efforts of their employees towards achieving organisational goals. The characteristic of management discussed above is:</p> <p>(A) Management is goal-oriented. (B) Management is a continuous process. (C) Management is a dynamic function (D) Management is an intangible force.</p> <p>Ans. (A) Management is goal-oriented.</p>	1 mark
6	<p>Q. ‘Digilocker’ is a flagship initiative of ‘Ministry of Electronics and IT’, Government of India. It aims at digital empowerment of the citizens by providing access to authentic digital</p>	

	<p>documents such as academic certificates issued by different Examination Boards, Driving Licenses, Vehicle registrations etc. in a digital format.</p> <p>The above para discusses a few dimensions of Business Environment.</p> <p>Identify the correct dimensions from the following:</p> <p>(A) Economic Environment and Technological Environment</p> <p>(B) Social Environment and Economic Environment</p> <p>(C) Social Environment and Political Environment</p> <p>(D) Political Environment and Technological Environment</p> <p>Ans. (D) Political Environment and Technological Environment</p>	1 mark
7	<p>Q. ‘Dolma’ and ‘Una’ were gardners with decades of hands-on experience. They were the first one to recognise the need of indoor gardens specially for plant-lovers living in apartments. They took advantage of this opportunity and decided to offer beautiful designing ideas for indoor gardening through their innovative venture ‘My Space’.</p> <p>‘My Space’ offered creative ideas like ‘Garden wall’, ‘Hanging Garden’, ‘Window Garden’, ‘Book-shelf garden and many more. Since there were no competitors they soon became the market leaders in the field.</p> <p>From the following points identify the importance of Business Environment highlighted above:</p> <p>(A) Business Environment helps the firm to identify threats and early warning signals.</p> <p>(B) Business Environment helps in tapping useful resources.</p> <p>(C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.</p> <p>(D) Business Environment helps in assisting in planning and policy formulation</p> <p>Ans. (C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.</p>	1 mark
8	<p>Q. The obligation of a subordinate to properly perform the assigned duty is called:</p>	

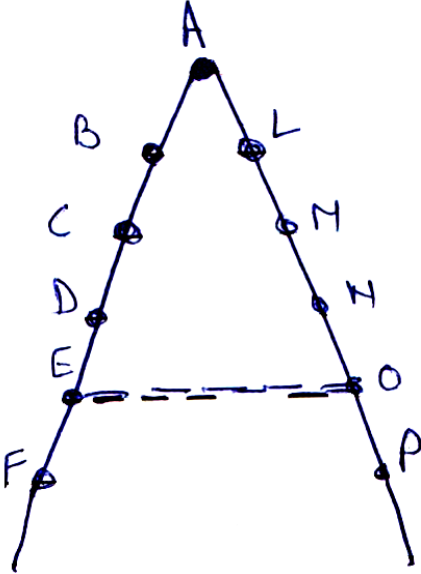
	<p>(A) Authority (B) Responsibility (C) Accountability (D) Decentralisation</p> <p>Ans. (B) Responsibility</p>	1 mark
9	<p>Q. “Cartoony Planet’ is a well-known indoor playground for organising parties for children in Noida. It has many play-stations and it organises various activities for the kids to enjoy. Looking at the increasing number of children visiting ‘Cartoony Planet’, a new indoor playground in the name of ‘Tiny-Tots House’ came up with advanced swings, play stations and entertainment activities near ‘Cartoony Planet’. To compete with the newly opened indoor playground, ‘Cartoony Planet’ also added some advanced swings and entertainment activities to attract more children. The above information highlights one of the features of business environment. Identify the feature from the following:</p> <p>(A) Uncertainty (B) Dynamic Nature (C) Relativity (D) Interrelatedness</p> <p>Ans. (B) Dynamic Nature</p>	1 mark
10	<p>Q. Identify the external source of recruitment illustrated by the picture given below:</p> 	

	<p>(A) Direct Recruitment (B) Casual Callers (C) Advertisement (D) Labour contractor</p> <p>Ans. (A) Direct Recruitment</p>	1 mark
11	<p>Q. The purpose of planning is to meet future events effectively to the best advantage of an organisation. This statement highlights which of the following features of planning?</p> <p>(A) Planning focuses on achieving objectives. (B) Planning involves decision making. (C) Planning is the primary function of management. (D) Planning is futuristic.</p> <p>Ans. (D) Planning is futuristic.</p>	1 mark
12	<p>Q. The next step in the 'Selection Process' after 'Selection Decision' is</p> <p>(A) Job Offer (B) Medical Examination (C) Selection Test (D) Contract of Employment</p> <p>Ans. (B) Medical Examination</p>	1 mark
13	<p>Q. Which of the following is NOT a factor affecting capital structure of a company ?</p> <p>(A) Cost of Debt (B) Growth Opportunities (C) Cash Flow Position (D) Interest Coverage Ratio</p> <p>Ans. (B) Growth opportunities</p>	1 mark
14	<p>Q. Which of the following statements is incorrect about</p>	

	<p>Personal Selling?</p> <p>(A) It is a direct face to face dialogue that involves an interactive relationship between the seller and buyer.</p> <p>(B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.</p> <p>(c) It allows a sales-person to develop personal relationship with the prospective customers.</p> <p>(D) In this it is possible to take a direct feedback from the customer and to adopt the presentation according to the needs of the prospects.</p> <p>Ans. (B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.</p>	1 mark
15	<p>Q. From the following, identify the channel of distribution in which goods pass from the manufacturer to the retailers who, in turn, sell them to the final users.</p> <p>(A) One level channel</p> <p>(B) Two level channel</p> <p>(C) Three level channel</p> <p>(D) Zero level channel</p> <p>Ans. (A) One level channel</p>	1 mark
16	<p>Q. A name, term, sign, symbol, design or some combination of them used to Identify the products – goods or services of one seller or group of sellers and to differentiate them from those of the competitors is known as</p> <p>(A) brand.</p> <p>(B) Brand mark</p> <p>(C) brand name.</p> <p>(D) trade mark.</p> <p>Ans. (A) brand.</p>	1 mark
17	<p>Q. Which of the following statements is <u>incorrect</u>?</p> <p>(A) Capital Market refers to facilities and institutional arrangements through which long-term funds, both debt and</p>	

	<p>equity are raised and Invested.</p> <p>(B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.</p> <p>(C) Primary Market is the Market where only buying of securities takes place. Securities can not be sold there.</p> <p>(D) Money Market is a market for short term funds which deals in monetary assets whose period of maturity is upto one year.</p> <p>Ans. (B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.</p>	1 mark								
18	<p>Q. The most commonly used tool of promotion which is a paid form of communication and in which the sponsor bears the cost of communicating with the prospects is</p> <p>(A) advertising.</p> <p>(B) personal selling.</p> <p>(C) sales promotion.</p> <p>(D) public relations.</p> <p>Ans. (A) advertising.</p>	1 mark								
19	<p>Q. _____ refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest.</p> <p>(A) Capital structure</p> <p>(B) Earning per share</p> <p>(C) Trading on equity</p> <p>(D) Return on investment</p> <p>Ans. (C) Trading on equity</p>	1 mark								
20	<p>Q. Match the factors affecting fixed capital requirements given in the Column-I with their explanations given in Column-II:</p> <table><tr><td></td><td>Column – I</td><td></td><td>Column - II</td></tr><tr><td>A</td><td>Nature of</td><td>i.</td><td>A trading organisation needs lower</td></tr></table>		Column – I		Column - II	A	Nature of	i.	A trading organisation needs lower	
	Column – I		Column - II							
A	Nature of	i.	A trading organisation needs lower							

		Business		investments in fixed assets as compared to a manufacturing organisation.	
	B	Technology upgradation	ii.	A textile manufacturing company is installing a cement manufacturing plant and thus its investments in fixed assets is increasing.	
	C	Diversification	iii.	A capital-intensive organisation requires higher investments in fixed assets as compared to labour-intensive organisation.	
	D	Choice of Technique	iv.	Mobile phones became obsolete faster and are replaced much sooner than furniture or many other assets. Hence these type of businesses require more fixed capital.	
	<p> a b c d (A) i iv ii iii (B) ii iii iv i (C) iii ii i iv (D) iv i iii ii </p> <p>Ans. (A) i iv ii iii</p>				1 mark
21	<p>Q. Vibhu joined as a Chief Executive Officer. (CEO) of 'Mega Marut Ltd.', a firm manufacturing cars. On the first day he addressed his subordinates saying that organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. He also added that for routine matters a worker can not directly contact the CEO but in an emergency he/she may contact directly.</p> <p>Vibhu discussed an important principle of management. Identify and explain the principle with the help of an example.</p> <p>Ans. Principle of management discussed by Vibhu is 'Scalar Chain'.</p> <p>Organisations should have a chain of authority and communication</p>				

	<p>that runs from top to bottom and should be followed by managers and the subordinates. The formal lines of authority from highest to lowest ranks are known as Scalar Chain.</p> <p>Example: Let us consider a situation where there is one head 'A' who has two lines of authority under her/him. One line consists of B-C-D-E-F. Another line of authority under 'A' is L-M-N-O-P. If 'E' has to communicate with 'O' who is at the same level of authority then he/she has to transverse the route E-D-C-B-A-L-M-N-O. This is due to the Scalar chain being followed in this case. This is for routine matters. But in case of emergency 'E' may directly contact 'O' through Gang Plank.</p> 	<p>1 mark for identifying the principle + 1 marks for correct explanation + 1 mark for correct example = 1+1+1 = 3 marks</p>
22	<p>Q. Monika, Rashmi and Garima are childhood friends. After completing their education, Monika joined a school as a teacher. Rashmi joined a firm as a Chartered Accountant and Garima as a General Manager in a MultiNational Company. After a long time in a re-union function of the school, they met each other. Rashmi said that they were all professionals now. Garima told Rashmi that she can say this about Monika and herself, but not about her since Manager is not considered a full fledged professional. Why did Garima say that she was not a professional? State any three points in support of your answer.</p> <p>Ans. Garima said that she is not a professional as management is not considered as a full fledged profession because of the following reasons: (Any three points)</p> <p>(i) Restricted Entry: There is no restriction on anyone being</p>	

	<p>designated or appointed as Manager in any business enterprise. Any one can be called a manager irrespective of educational qualifications possessed as compared to other professions like a doctor, a lawyer etc.</p> <p>(ii) Professional Association: There are several associations of practicing managers in India like AIMA (All India Management Association) but there is no compulsion for managers to be members of such associations nor does it have any statutory backing unlike other professions.</p> <p>(iii) Ethical code of conduct: All professionals are bound by a code of conduct which guides the behaviour of its members, which is not followed by manager though AIMA has laid down a code of conduct to regulate the activities of their members.</p> <p>(iv) Service Motive: The basic motive of a profession is to serve their clients interests by rendering dedicated and committed service whereas the basic purpose of management is to help the organization to achieve its stated goal which is profit maximisation.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 mark for each reason = 1 x 3 = 3 marks</p>
23	<p>Q. (a) Explain (i) Making Efficient use of resources and (ii) Improving employee motivation as importance of controlling function of management.</p> <p>Ans.</p> <p>(i) Making efficient use of resources</p> <ul style="list-style-type: none"> ▪ By exercising control, a manager seeks to reduce wastage and spoilage of resources. ▪ Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner. <p>(ii) Improving employee motivation</p> <ul style="list-style-type: none"> ▪ A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be judged. ▪ It, thus, motivates them and helps them to give better performance. 	<p>1 ½ marks</p> <p>1 ½ marks =</p>

	<p style="text-align: center;">OR</p> <p>Q. (b) Explain the following as steps in the process of controlling: (i) Analysing Deviations; and (ii) Taking Corrective Action</p> <p>Ans. (i) Analysing Deviations</p> <ul style="list-style-type: none"> ▪ Some deviation in performance can be expected in all activities. It is, therefore, important to determine the <u>acceptable range of deviations</u>. ▪ Also, deviations in <u>key areas of business need to be attended more urgently</u> as compared to deviations in certain insignificant areas. <u>Critical point control</u> and <u>management by exception</u> should be used by a manager in this regard. <p>(ii) Taking Corrective Action</p> <ul style="list-style-type: none"> ▪ The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within acceptable limits. However, when the <u>deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention</u> so that deviations do not occur again and standards are accomplished. ▪ In case the <u>deviation cannot be corrected</u> through managerial action, the <u>standards may have to be revised</u>. 	<p>3 marks</p> <p>OR</p> <p>1 ½ marks</p> <p>1 ½ marks</p> <p>=</p> <p>3 marks</p>
24	<p>Q. (a) State any three regulatory functions of Securities and Exchange Board of India.</p> <p>Ans. <u>Regulatory functions of Securities and Exchange Board of India are (Any three):</u></p> <p>(i) Registration of <u>brokers and sub brokers</u> and other players in the market.</p>	

<p>(ii) <u>Registration of collective investment schemes</u> and mutual funds.</p> <p>(iii) <u>Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers.</u></p> <p>(iv) <u>Regulation of takeover bids</u> by companies.</p> <p>(v) <u>Calling for information by undertaking inspection, conducting enquiries and audits</u> of stock exchanges and intermediaries.</p> <p>(vi) <u>Levying fee or other charges</u> for carrying out the purposes of the SEBI Act, 1992.</p> <p>(vii) <u>Performing and exercising such powers under Securities Contract (Regulation) Act 1956</u> as may be delegated by the government of India.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 x 3 = 3 marks</p>
<p style="text-align: center;">OR</p> <p>(b) State any three functions of stock exchange.</p> <p>Ans. <u>Functions of a stock exchange are: (Any three)</u></p> <p>(a) It <u>provides liquidity and marketability</u> to existing securities.</p> <p>(b) It <u>helps in determining the price of securities</u> through the forces of demand and supply.</p> <p>(c) It <u>ensures safety of transactions</u> because it is well regulated and transactions are performed within the existing legal framework.</p> <p>(d) It <u>contributes to economic growth</u> through the process of disinvestment and reinvestment.</p> <p>(e) It <u>helps in spreading of equity cult</u> by regulating new issues and better trading practices.</p> <p>(f) It <u>provides scope for healthy speculation</u> to ensure liquidity and</p>	<p style="text-align: center;">OR</p> <p>1 x 3 = 3 marks</p>

	<p>price continuity in the stock market.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	
25	<p>Q. (a) ‘Filling vacancies for various job positions from within the organisation has many limitations’. State any four such limitations.</p> <p>Ans. <u>Limitation of filling vacancies for various job positions from within the organisation:</u> (Any four)</p> <p>(i) Dangers of <u>inbreeding</u> by stopping infusion of new talent/ blood into the organisation.</p> <p>(ii) Employees may become <u>lethargic</u> if they are sure of time bound promotions.</p> <p>(iii) No organisation can fill all its vacancies from internal sources of recruitment.</p> <p>(iv) The spirit of <u>competition</u> amongst employees may be hampered.</p> <p>(v) <u>Frequent transfers</u> of employees may often <u>reduce productivity</u> of the organisation.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>(b) ‘Training not only improves the current or future performance of employees but also benefits the organisation in many ways’. State any four such benefits.</p> <p>Ans. <u>Benefits of training to the organisation:</u> (Any four)</p> <p>(i) It <u>avoids wastage of efforts and money</u> as training is systematic learning, better than hit and trial methods.</p> <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and</p>	<p style="text-align: center;">1 x 4 = 4 marks</p> <p style="text-align: center;">OR</p>

	<p>quality leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> to take over in an emergency.</p> <p>(iv) It <u>reduces employees' turnover</u> as it increases employee morale and reduces absenteeism.</p> <p>(v) It helps in <u>obtaining effective response to a fast changing environment</u></p>	<p>1 x 4</p> <p>=</p> <p>4 marks</p>
26	<p>Q. (a) State the assumptions of "Maslow's Need hierarchy Theory of motivation."</p> <p>Ans.</p> <p>The assumptions of Maslow's need hierarchy theory are:</p> <p>(i) <u>People's behaviour is based on their needs</u>. Satisfaction of such needs influences their behaviour.</p> <p>(ii) People's <u>needs are in hierarchical order</u>, starting from basic needs to higher level needs.</p> <p>(iii) A <u>satisfied need no longer can motivate a person</u>; only next higher level need can motivate him.</p> <p>(iv) A person <u>moves to the next higher level of the hierarchy only when the lower need is satisfied</u>.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> <p style="text-align: center;">OR</p> <p>(b) State any four psychological barriers of communication.</p> <p>Ans. <u>Psychological barrier</u>: (any four)</p> <p>(i) <u>Premature evaluation</u> i.e. evaluating the meaning of the message before the completion of the message may lead to prejudices against</p>	<p>1 x 4</p> <p>=</p> <p>4 marks</p> <p style="text-align: center;">OR</p>

	<p>communication.</p> <p>(ii) <u>Lack of attention</u> i.e. non-listening of the message acts a major psychological barrier.</p> <p>(iii) <u>Loss by transmission and poor retention</u> may act as a barrier to communication.</p> <p>(iv) <u>Distrust</u> between communicator and communicatee acts as a communication barrier.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 x 4</p> <p>=</p> <p>4 marks</p>
27	<p>Q. Harish is working as a finance manager in 'Kozee Softwares Ltd.' He has been awarded 'Best employee of the year Award' because of his foresightedness. He always aims at smooth operations of all the financial activities by focusing on fund requirements and their availability in the light of financial decisions. He takes into consideration the growth, performance, investments and requirement of funds for a given period so that financial resources are not left idle and don't unnecessarily add to the cost.</p> <p>By doing all this Harish strives to achieve the two main objectives of an important concept of financial management. Identify the concept and explain its two objectives.</p> <p>Ans. The important concept of financial management discussed is <u>Financial Planning</u>.</p> <p><u>Two objectives are:</u></p> <p>(i) To ensure availability of funds whenever required:</p> <ul style="list-style-type: none"> ▪ This includes a <u>proper estimation of the funds required for different purposes</u> such as for the purchase of long-term assets or to meet day-to- day expenses of business etc. ▪ To <u>estimate the time at which these funds are to be made available</u> and to <u>specify possible sources of these funds</u>. 	<p>1 mark for identifying the concept</p> <p>+</p> <p>½ mark for each heading</p> <p>+</p> <p>1 mark for each explanation</p> <p>=</p>

	<p>(ii) To see that the firm does not raise resources unnecessarily:</p> <p>Financial planning ensures that <u>enough funds</u> are available at right time.</p> <ul style="list-style-type: none"> ▪ If <u>adequate funds are not available</u> the firm will not be able to honour its commitments and carry out its plans. ▪ On the other hand, if <u>excess funds are available</u>, it will unnecessarily add to the cost. 	<p>1+1+2 = 4 marks</p>
28	<p>Q. State any four factors that affect the decision related to how much profit is to be distributed and how much profit is to be retained in the business.</p> <p>Ans. Factors that affect the decision related to how much profit is to be distributed and how much profit is to be retained in the business are: (Any four)</p> <p>(i) <u>Earnings</u> are a major determinant of dividend decision as dividends are paid out of current and past earnings.</p> <p>(ii) <u>Stability of earnings</u> is another factor affecting dividend decision as a company having stable earnings is in a position to declare higher dividends.</p> <p>(iii) Companies generally prefer to maintain <u>stability of dividends</u> while taking dividend decision.</p> <p>(iv) If a company has good <u>growth opportunities</u>, it pays out less dividend.</p> <p>(v) A good <u>cash flow position</u> is necessary for declaration of dividend.</p> <p>(vi) <u>Shareholder's preference</u> is kept in mind by the management before declaring dividends.</p> <p>(vii) <u>Taxation policy</u> affects the dividend decision as a higher dividend distribution tax will lead to lesser dividend payout.</p> <p>(viii) The possible <u>stock market reaction</u> on the share price to</p>	<p>1 x 4 = 4 marks</p>

	<p>dividend policy is one of the important factors affecting dividend decision.</p> <p>(ix) While taking dividend decision, companies take into consideration their <u>access to capital market</u>.</p> <p>(x) Certain provisions of the Companies Act i.e. <u>legal constraints</u> place restrictions on payout of dividend.</p> <p>(xi) While taking dividend decision, companies keep in mind the restrictions imposed by the lenders i.e. <u>contractual constraints</u>.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	
29	<p>Q. Sameeksha is a Class-XII student having Business Studies as one of her subjects. After studying 'Consumer Protection' as one of the chapters in Business-Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipies. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of 'Bread Maker' available in the market and compared their price, so that an intelligent and wise choice can be made. Then she went to a near by market to buy it. Being an informed consumer she looked for the Standardization Mark, negotiated the price printed on the label, checked the date of manufacturing and asked for guarantee or warranty of the product. After satisfying with all the concerned information she purchased the Bread Maker and as a responsible consumer asked for the cash-memo. After coming back home she opened the packaging of the Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Bread Maker step-by-step and succeeded in making nice 'Atta Bread' for her family. Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker' State any four responsibilities fulfilled by Sameeksha besides asking for a cash-memo.</p> <p>Ans. Responsibilities that Sameeksha has fulfilled besides asking for</p>	

	<p>a cash memo are: (Any four)</p> <p>(i) <u>Be aware</u> about various goods and services available in the market so that an <u>intelligent and wise choice can be made</u>.</p> <p>(ii) <u>Buy only standardised goods</u> as they provide quality assurance e.g. standardization mark.</p> <p>(iii) <u>Learn</u> about the <u>risks</u> associated with products and services, <u>follow manufacturer's instructions</u> and using the products safely.</p> <p>(iv) <u>Read labels carefully</u> so as to have information about <u>prices, net weight, manufacturing and expiry dates</u>, etc.</p> <p>(v) <u>Assert yourself</u> to get a <u>fair deal</u>.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 x 4 = 4 marks</p>
30	<p>Q. Mahamana Enterprises is not only giving salary to its employees but it also offers bonus to them over and above the salary. To further encourage the employees, it announced that it will provide a share in the profits of the company to them. These incentives are helpful in increasing the purchasing power of the employees.</p> <p>State four other incentives of the type of incentive discussed in the above para.</p> <p>Ans. Four other incentives of the type of incentive discussed in the above para are as follows:</p> <p>(i) <u>Productivity linked wage incentive</u> involves linking payment of wages of employees to the increase in their productivity at individual or group level.</p> <p>(ii) <u>Co-partnership/Stock option</u> is an incentive under which the employees are offered company shares at a set price which is lower than market price.</p> <p>(iii) <u>Retirement Benefits</u> include benefits such as provident fund, pension and gratuity that provide financial security to employees after their retirement.</p>	<p>1 x 4 = 4 marks</p>

	<p>Ans. (i) The type of organization so formed is ‘Informal Organization’.</p> <p>Informal organization is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another.</p> <p style="text-align: center;"><i>(or any other correct meaning)</i></p> <p>(ii) <u>Advantages of Informal Organisation: (Any two)</u></p> <p>(i) It leads to <u>faster spread of information</u> as well as a quick feedback.</p> <p>(ii) It fulfills the <u>social needs</u> of the members.</p> <p>(iii) It contributes towards fulfillment of organisational objectives by <u>compensating for inadequacies in the formal organisation</u>.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p> <p><u>Limitations of informal organisation: (Any two)</u></p> <p>(i) It leads to <u>spread of rumours</u> which becomes a destructive force and may go against the interest of the formal organisation.</p> <p>(ii) It may lead to <u>resistance to change which may delay or restrict growth</u>.</p> <p>(iii) It pressurizes members to conform to <u>group expectations</u> which may be against organisational interest.</p> <p><i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i></p>	<p>1 mark for identifying + 1 mark for correct statement + 1 mark for each advantage = 1 x 2 = 2 marks + 1 mark for each limitation = 1 x 2 = 2 marks = 1+1+2+2 = 6 marks</p>
34	<p>Q. 'Best Electronics started manufacturing washing machines under the brand name 'Amaze'. Once the washing machines were manufactured, packaged, branded, priced and promoted, they had to be made available to the customers at the right place, in the right quantity and at the right time. 'Best Electronics' provided for accurate and speedy processing</p>	

	<p>of orders so that the washing machines reach the customers in time, in the right quantity and specifications. They also ensured that the washing machines are physically made available to the customers. Further, 'Best Electronics arranged for facilities to store the washing machines at different locations near the market to minimize the charges on transportation. Explain any three components of physical distribution discussed in the above case.</p> <p>Ans. The three components of Physical Distribution discussed in above case are:</p> <p>(i) <u>Order processing</u></p> <ul style="list-style-type: none"> ▪ Products flow from manufacturers to customers via channel members while orders flow in the reverse direction from customers to the manufacturers. ▪ A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which goods will reach the customers late or in wrong quantity <p>(ii) <u>Transportation</u></p> <ul style="list-style-type: none"> ▪ It is the means of carrying goods and raw materials from the point of production to the point of sale. ▪ It is an important component because unless the goods are physically made available the sale cannot be completed. <p>(iii) <u>Warehousing</u></p> <ul style="list-style-type: none"> ▪ It refers to the act of storing and assorting products in order to create time utility to them. The basic purpose is to arrange placement of goods and provide facilities to store them. ▪ The need arises because there may be difference between the time a product is produced and the time it is required for consumption. <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</i></p>	<p>2 marks for each explanation</p> <p>=</p> <p>2 x 3</p> <p>=</p> <p>6 marks</p>
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