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Senior School Certificate Examination

March -----2023

Marking Scheme---Business Studies 66/5/3

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 delibration 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"**.

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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	Ensure that you do not make the following common types of errors committed by the Examiner in the past:- ● 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 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

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66 /3 /3	MARKING SCHEME– 2023 BUSINESS STUDIES 66/5/3 EXPECTED ANSWERS / VALUE POINTS	Marks
	SECTION A	
1	**Q. Which of the following is NOT a factor affecting capital structure of a company ?** **(A) Cost of Debt** **(B) Growth Opportunities** **(C) Cash Flow Position** **(D) Interest Coverage Ratio** **Ans**. (B) Growth opportunities	**1 mark**
2	**Q. Which of the following statements is incorrect about Personal Selling?** **(A) It is a direct face to face dialogue that involves an interactive relationship between the seller and buyer.** **(B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.** **(c) It allows a sales-person to develop personal relationship with the prospective customers.** **(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.** **Ans.** (B) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.	**1 mark**
3	**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.** **(A) One level channel** **(B) Two level channel** **(C) Three level channel** **(D) Zero level channel** **Ans.** (A) One level channel	**1 mark**

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4	**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** **(A) brand.** **(B) Brand mark** **(C) brand name.** **(D) trade mark.** **Ans.** (A) brand.	**1 mark**
5	**Q. Which of the following statements is <u>incorrect</u>?** **(A) Capital Market refers to facilities and institutional arrangements through which long-term funds, both debt and equity are raised and Invested.** **(B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.** **(C) Primary Market is the Market where only buying of securities takes place. Securities can not be sold there.** **(D) Money Market is a market for short term funds which deals in monetary assets whose period of maturity is upto one year.** **Ans.** (B) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.	**1 mark**
6	**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** **(A) advertising.** **(B) personal selling.** **(C) sales promotion.** **(D) public relations.** **Ans**. (A) advertising.	**1 mark**

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7	**Q. _____ refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest.** **(A) Capital structure** **(B) Earning per share** **(C) Trading on equity** **(D) Return on investment** **Ans.** (C) Trading on equity	**1 mark**
8	**Q. Match the factors affecting fixed capital requirements given in the Column-I with their explanations given in Column-II:**	

	Column – I		Column - II
A	Nature of Business	i.	A trading organisation needs lower 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.

	a	b	c	d
(A)	i	iv	ii	iii
(B)	ii	iii	iv	i
(C)	iii	ii	i	iv
(D)	iv	i	iii	ii

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	Ans. (A) i iv ii iii	**1 mark**
9	**Q. The next step in the 'Selection Process' after 'Selection Decision' is** **(A) Job Offer** **(B) Medical Examination** **(C) Selection Test** **(D) Contract of Employment** **Ans.** (B) Medical Examination	**1 mark**
10	**Q. Identify the external source of recruitment illustrated by the picture given below:** **Factory Gate** **(A) Direct Recruitment** **(B) Casual Callers** **(C) Advertisement** **(D) Labour contractor** **Ans.** (A) Direct Recruitment	**1 mark**
11	**Q. The obligation of a subordinate to properly perform the assigned duty is called:** **(A) Authority**	

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	(B) Responsibility **(C) Accountability** **(D) Decentralisation** **Ans.** (B) Responsibility	**1 mark**
12	**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 documents such as academic certificates issued by different Examination Boards, Driving Licenses, Vehicle registrations etc. in a digital format.** **The above para discusses a few dimensions of Business Environment.** **Identify the correct dimensions from the following:** **(A) Economic Environment and Technological Environment** **(B) Social Environment and Economic Environment** **(C) Social Environment and Political Environment** **(D) Political Environment and Technological Environment** **Ans.** (D) Political Environment and Technological Environment	**1 mark**
13	**Q. 'Whether the decisions have been translated into desired actions or not' can be confirmed by performing which of the following function of management?** **(A) Planning** **(B) Organising** **(C) Directing** **(D) Controlling** **Ans.** (D) Controlling	**1 mark**
14	**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** **(A) training.** **(B) education.**	

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	(C) development. **(D) performance appraisal** **Ans.** (C) development.	**1 mark**
15	**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?** **(A) Planning focuses on achieving objectives.** **(B) Planning involves decision making.** **(C) Planning is the primary function of management.** **(D) Planning is futuristic.** **Ans.** (D) Planning is futuristic.	**1 mark**
16	**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:** **(A) Uncertainty** **(B) Dynamic Nature** **(C) Relativity** **(D) Interrelatedness** Ans. (B) Dynamic Nature	**1 mark**
17	**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**	

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	beautiful designing ideas for indoor gardening through their innovative venture 'My Space'. **'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.** **From the following points identify the importance of Business Environment highlighted above:** **(A) Business Environment helps the firm to identify threats and early warning signals.** **(B) Business Environment helps in tapping useful resources.** **(C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.** **(D) Business Environment helps in assisting in planning and policy formulation** **Ans.** (C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.	**1 mark**
18	**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:** **(A) Management is goal-oriented.** **(B) Management is a continuous process.** **(C) Management is a dynamic function** **(D) Management is an intangible force.** **Ans.** (A) Management is goal-oriented.	**1 mark**
19	**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.** **Statement-II: The concept of product does not include the extended product by way of after sale services, availability of**	

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	spare parts, handling complaints etc. **Choose the correct option from the following** **(A) Both Statement-I and Statement-II are correct.** **(B) Both Statement-I and Statement-II are incorrect.** **(C) Statement-I is correct and Statement-Il is incorrect** **(D) Statement-I is incorrect and Statement-II is correct.** **Ans.** (C) Statement-I is correct and Statement-Il is incorrect.	**1 mark**
20	**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.** **Which of the following function of management helped Himanshu to identify the decrease in sale** **(A) Planning** **(B) Organising** **(C) Directing** **(D) Controlling** **Ans.** (D) Controlling	**1 mark**
21	**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.**	

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	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)** (i) **Restricted Entry**: There is no restriction on anyone being 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. (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. (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. (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. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)***	**1 mark for each reason = 1 x 3 =** **3 marks**
22	**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.** **Vibhu discussed an important principle of management. Identify and explain the principle with the help of an example.** **Ans.** Principle of management discussed by Vibhu is '**Scalar Chain**'. Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers	

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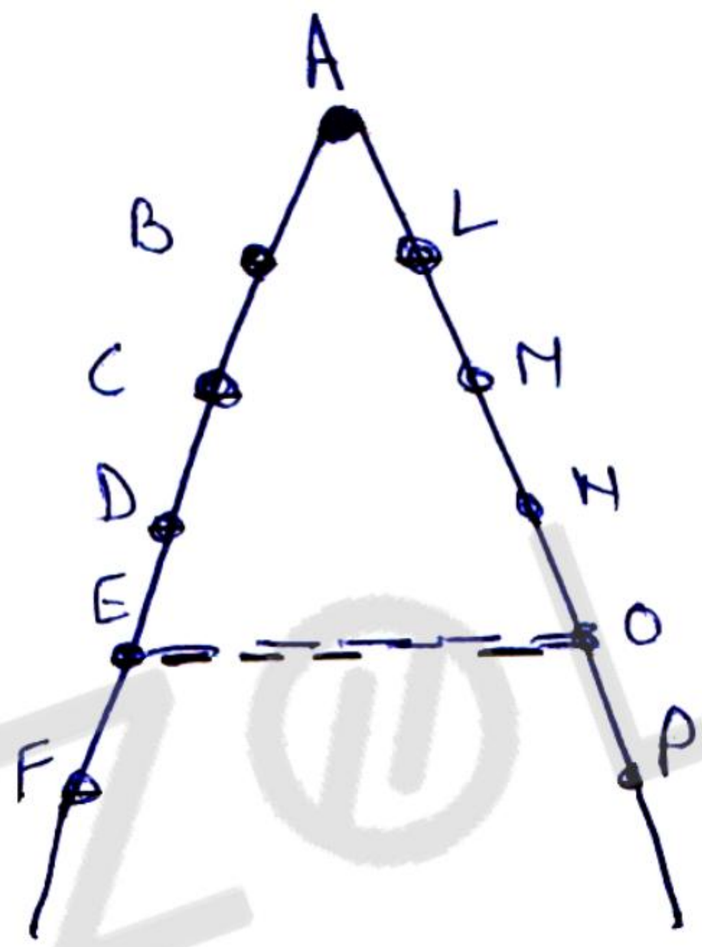
	and the subordinates. The formal lines of authority from highest to lowest ranks are known as **Scalar Chain.** Example: Let us consider a situation where there is one head 'A' who has two lines of authority under her/him. One line consists of B-C-D-E-F. Another line of authority under 'A' is L-M-N-O-P. 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**.  	**1 mark for identi fying the principle + 1 marks for correct explan ation + 1 mark for correct example = 1+1+1 = 3 marks**
23	**Q. (a) Explain (i) Ensuring order and discipline; and (ii) Facilitating co-ordination in action, as importance of controlling function of management.** **Ans.** **(i)** <u>Ensuring order and discipline</u> ▪ Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities. **(ii)** <u>Facilitates coordination in action</u> ▪ Controlling provides direction to all the activities and efforts for achieving organsiation's goals. Each department and employee	**1 ½ marks** **1 ½**

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	is governed by pre-determined standards which are well co-ordinated with one another and ensures that organisational objectives are accomplished. **OR** **Q. (b) Explain: (i) Critical point control; and (ii) Management by exception, as an important part of 'Analysing Deviations' a step in the process of controlling.** **Ans.** (i) <u>Critical Point Control</u> ▪ It suggest that control should focus on key result areas (KRAs) which are critical to the success of an organisation as it is neither economical nor easy to keep a check on each and every activity in an organisation. ▪ If anything goes wrong at the critical points, the entire organisation suffers. (ii) <u>Management by Exception</u> ▪ It is an important principle of management control based on the belief that an <u>attempt to control everything results in controlling nothing</u>. ▪ Thus, <u>only significant deviations</u> which go beyond the permissible limit should be <u>brought to the notice of management</u>.	**marks** = **3 marks** **OR** **1 ½ marks** **1 ½ marks** = **3 marks**
24	**Q. (a) State any three protective functions of Securities and Exchange Board of India.** **Ans.** <u>Protective functions of Securities and Exchange Board of India are</u>: (**Any three)** (i) Prohibition of fraudulent and unfair trade practices. (ii) Controlling insider trading and imposing penalties for such practices. (iii) Undertaking steps for investor protection.	**1 x 3** = **3 marks**

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	(iv) Promotion of fair practices and code of conduct in securities market. **OR** **Q. (b) State any three objectives of Securities and Exchange Board of India.** **Ans.** Objectives of Securities and Exchange Board of India are: **(Any three)** (i) To regulate stock exchanges and the securities industry to promote their orderly functioning. (ii) To protect the rights and interests of investors, particularly individual investors and to guide and educate them. (iii) To prevent trading malpractices and achieve a balance between self regulation and statutory regulation. (iv) To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.	**OR** **1 x 3 = 3 marks**
25	**Q. (a) Tapping external sources for various job positions has many benefits'. State any four such benefits.** **Ans.** Benefits of tapping external sources for various job positions: **(Any four)** (i) The management can attract qualified and trained people to apply for vacant jobs in the organisation. (ii) The management has a wider choice while selecting the right candidate. (iii) External sources bring fresh talent in the organisation. (iv) External sources encourage competitive spirit among the	**1 x 4 = 4 marks**

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	existing staff. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)*** **OR** **Q. (b) 'Due to rapid technological changes jobs have become more complex and importance of training has increased for employees.' State any four such benefits.** **Ans.** Importance of training for employees: **(Any four)** (a) It helps in promotion and career growth due to improved skills and knowledge. (b) It helps him to earn more due to improved performance. (c) It reduces accidents as the employees are more efficient to handle machines. (d) It increases the morale of the employees as the employees are more satisfied. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)***	**OR** **1 x 4** **=** **4 marks**
26	**Q. Give the meaning of 'Formal Communication' and 'Informal Communication'.** **Ans.** Formal communication ▪ Formal communication is the communication that takes place through official channels designed in the organisation chart. ▪ It may be horizontal or vertical. Informal communication ▪ Informal communication is the communication that takes place	**2 marks**

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	without following the formal lines of communication. ▪ It is generally referred to as grapevine because it spreads in all directions without any regard to the level of authority. ***(Or any other correct explanation)*** **OR** **Q.(b) State any four organisational barriers of communication.** **Ans.** Organisational barrier: **(Any four)** (i) Organisational policy, implicit or explicit is not supportive to free flow of communication, it may hamper effectiveness of communication. (ii) Rigid Rules and regulations may delay communication. (iii) Status of the superior may not allow his subordinates to express their feelings freely. (iv) Complexity in organization structure leads to delayed and distorted communication. (v) Lack of organizational facilities like frequent meetings, suggestion box etc. may discourage free flow of communication. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)***	**2 marks = 2+2 = 4 marks** **OR** **1 x 4 = 4 marks**
27	**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.**	

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	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.** **Ans.** Responsibilities that Sameksha has fulfilled besides asking for a cash memo are: (**Any four)** (i) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. (ii) Buy only standardised goods as they provide quality assurance e.g. standardization mark. (iii) Learn about the risks associated with products and services, follow manufacturer's instructions and using the products safely. (iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. (v) Assert yourself to get a fair deal. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)***	**1 x 4 = 4 marks**
28	**Q. What is meant by 'Investment Decision'? State how 'Long term Investment Decision' and 'Short Term Investment Decision' affect the business.** **Ans.** The investment decision refers to how the firm's funds are invested in different assets to earn the highest possible return for their investors.	**1 mark**

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	Investment decision can be long-term or short-term. (a) A long-term investment decision is very crucial for any business since it affects the earning capacity over the long run. It affects the size of assets, the profitability and competitiveness. Moreover, these decisions normally involve huge amounts of investment and are irreversible except at a huge cost. (b) Short term investment decision affects the day to day working of a business. It affects the liquidity as well as profitability of a business. Efficient cash management, inventory management and receivables management are necessary for sound working capital management.	**1 ½ Marks** **1 ½ marks = 1 +1 ½ + 1 ½ = 4 marks**
29	**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.** **State four other incentives of the type of incentive discussed in the above para.** **Ans.** Four other incentives of the type of incentive discussed in the above para are as follows: (i) Productivity linked wage incentive involves linking payment of wages of employees to the increase in their productivity at individual or group level. (ii) Co-partnership/Stock option is an incentive under which the employees are offered company shares at a set price which is lower than market price. (iii) Retirement Benefits include benefits such as provident fund, pension and gratuity that provide financial security to employees after their retirement. (iv) Perquisites include incentives such as car allowance,	**1 x 4 = 4 marks**

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	housing, medical aid and education to the children etc., which are offered over and above the salary. ***(If an examinee has only listed the incentives, ½ mark for each incentive should be awarded)***	
30	**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.** **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.** **Ans.** The important concept of financial management discussed is Financial Planning. Two objectives are: **(i) To ensure availability of funds whenever required:** ▪ This includes a proper estimation of the funds required for different purposes such as for the purchase of long-term assets or to meet day-to- day expenses of business etc. ▪ To estimate the time at which these funds are to be made available and to specify possible sources of these funds. **(ii) To see that the firm does not raise resources unnecessarily:** Financial planning ensures that enough funds are available at right time. ▪ If adequate funds are not available the firm will not be able to honour its commitments and carry out its plans. ▪ On the other hand, if excess funds are available, it will	**1 mark for identi fying the concept + ½ mark for each heading + 1 mark for each explan ation = 1+1+2 = 4 marks**

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	unnecessarily add to the cost.	
31	**Q. 31. (a) Explain 'Co-operation, Not Individualism' as a principle and 'Fatigue Study' as a technique of scientific management.** **Ans.** <u>Cooperation, not individualism</u> ▪ It advocates that there should be complete co-operation between the management and the workers instead of individualism. ▪ Competition should be replaced by cooperation. Both should realise that they need each other. ▪ For all important decisions taken by the management, workers should be taken into confidence. The management should be open to any constructive suggestions made by the employees and suitably reward them. <u>Fatigue Study</u> ▪ Fatigue Study determines the amount and frequency of rest intervals in completing task. ▪ The rest intervals help the workers to regain stamina and work again with the same capacity resulting in increased productivity. ▪ There can be many causes for fatigue like long working hours, doing unsuitable work etc. Such hindrances in good performance should be removed **OR** **(b) Explain 'Cause and effect relationship' as a feature of principles of management (i) Meeting Changing Environment requirements; and** **(ii) Management Training, education and research as significance of principles of management.**	**3 marks** **3 marks = 3=3 = 6 marks** **OR**

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	Ans. **<u>Cause and effect relationship</u>** ▪ The principles of management establish <u>cause and effect relationship</u> so that they can be <u>used in similar situations in a large number of cases.</u> ▪ But the principles of management are <u>less than perfect</u> since they mainly apply to <u>human behaviour</u>. Also, in real life, <u>situations are not identical</u>. So, accurate cause and effect relationships may be difficult to establish. **(i) Meeting changing environment requirements** Although principles are in the nature of general guidelines, <u>they are modified and help the managers to meet the changing requirements of the environment</u>. Management principles are flexible to adapt to the dynamic business environment. **(ii) <u>Management training, education and research:</u>** Entrance to management institutes is preceded by management aptitude tests. These tests are developed after understanding of management principles and how they may be applied in different situations. These principles provide basic groundwork for the development of management as a discipline.	**2 marks** **2 marks** **2 marks** = **2+2+2** = **6 marks**
32	**Q. 32. (a) Explain Policy' and 'Method' as type of Plans.** **Ans.** **<u>Policy</u>** ▪ Policies are <u>general statements</u> that guide thinking or channelise energies towards a particular direction.	

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	▪ Policies define the broad parameters within which a manager may function. ▪ A manager may use his discretion to interpret and apply a policy. **Method** ▪ Method is the prescribed way or manner in which a task has to be performed taking into consideration the objective of the organisation. ▪ It deals with a task comprising one step of a procedure and specifies how this step is to be performed. ▪ Selection of right method increases efficiency in completion of a task. The method may vary from task to task. **OR** **(b) Explain the following limitations of planning:** **(i) Planning reduces creativity** **(ii) Planning involves huge costs** **Ans.** (i) Planning reduces creativity Planning is an activity which is done by the top management. Usually the rest of the members just implements these plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Most of the time, employees do not even attempt to formulate plans. They only carry out orders. Thus, planning in a way reduces creativity since people tend to	**3 marks** **3 marks** = **3+3** = **6 marks** **OR** **3 marks**

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	think along the same lines as others. There is nothing new or innovative. **(ii) Planning involves huge costs** When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan. *(Or any other correct explanation)*	**3 marks = 3+3 = 6 marks**
33	**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 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.** **Ans.** The three components of Physical Distribution discussed in above case are: **(i)** <u>Order processing</u> ▪ Products flow from manufacturers to customers via channel members while orders flow in the reverse direction from customers to the manufacturers.	

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	▪ 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 (ii) <u>Transportation</u> ▪ 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. (iii) <u>Warehousing</u> ▪ 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. ***(If an examinee has given only the heading, ½ mark for each heading should be awarded)***	**2 marks for each explan ation** = **2 x 3** = **6 marks**
34	**Q. Due to spread of COVID-19 pandemic, employees of almost all the companies were working online from their homes. In 2022 when most of the companies called them back to their office and started working offline, 'Taty Software Ltd.' still asked their employees to work from home. Because of this, employees of Taty Software Ltd. were feeling bored, hence for recreation they formed a cricket-club. They started meeting every Saturday and Sunday on a ground near their office building.** **(i) Identify and state the type of organisation formed by the employees of 'Taty Software Ltd.'** **(ii) Also, state any two advantages and two limitations of the type of organisation identified in (i) above.** **Ans.** (i) The type of organization so formed is '**Informal Organization'.** **Informal organization** is a network of personal and social relations	**1 mark for identify ing +**

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	not established or required by the formal organization but arising spontaneously as people associate with one another. *(or any other correct meaning)* (ii) Advantages of Informal Organisation**: (Any two)** (i) It leads to faster spread of information as well as a quick feedback. (ii) It fulfills the social needs of the members. (iii) It contributes towards fulfillment of organisational objectives by compensating for inadequacies in the formal organisation. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)*** Limitations of informal organisation: **(Any two)** (i) It leads to spread of rumours which becomes a destructive force and may go against the interest of the formal organisation. (ii) It may lead to resistance to change which may delay or restrict growth. (iii) It pressurizes members to conform to group expectations which may be against organisational interest. ***(If an examinee has only listed the points, ½ mark for each point should be awarded)***	**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**

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