

-Strictly Confidential: (For Internal and Restricted Use Only)
Senior Secondary School Certificate Examination
March -----2025

Marking Scheme---Business Studies 66/1/1

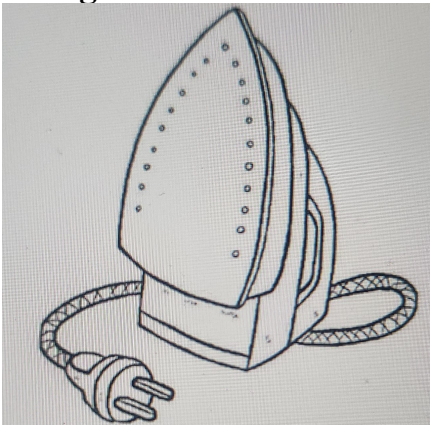
General Instructions:

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. In class -XII, while evaluating two competency based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate due marks should be awarded.
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 0-80 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). This is in view of the reduced syllabus and number of questions in question paper.
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

66 /1 /1	BUSINESS STUDIES EXPECTED ANSWERS / VALUE POINTS	Marks
	SECTION A	
1	Q. The risk related to inability to meet fixed financial charges like interest payment and other repayment obligations is known as: (A) Operating risk (B) Financial risk (C) Business risk (D) None of the above Ans. (B) Financial risk	1 mark
2	Q. Bimal Rai is working in Funny Bunny Ltd. The company manufactures games and toys for children. The basic task of Bimal Rai is to integrate diverse elements and coordinate the activities of different departments. He also analyses the business environment and its implications for the survival of the firm. The level of management at which Bimal Rai is working is: (A) Top level (B) Middle level (C) Operational level (D) Both Middle and Operational level Ans. (A) Top level	1 mark
3	Q. Salim and Karim are good friends. They started a business of selling high quality seeds for growing organic vegetables. They are offering 200 varieties of vegetable seeds suitable for	

	terrace gardens, balconies and backyards. Due to the growing trend towards healthy consumption habits, there is a huge demand for their seeds. The dimension of business environment being discussed above is: (A) Economic Environment (B) Political Environment (C) Social Environment (D) Legal Environment Ans. (C) Social Environment	1 mark
4	Q. Shridhan wanted to purchase an electric car. He visited a retail showroom of a car company where these cars were displayed. The Marketing Manager of this showroom told Shridhan that the company offers credit facilities, maintenance services and many other services that help in bringing repeat sales and developing brand loyalty for their cars. The marketing function being discussed by the Marketing Manager in the above case is: (A) Product Designing and Development (B) Marketing Planning (C) Customer Support Services (D) Branding Ans. (C) Customer Support Services	1 mark
5	Q. Which of the following statement is correct with respect to 'Exchange Mechanism', a feature of Marketing? (A) For an exchange it is necessary that there should be involvement of at least three parties. (B) The parties do not have the freedom to reject other parties offer. (C) The acceptance of the offer for each party has to take place on the basis of compulsion. (D) For an exchange it is necessary that each party should be capable of offering something of value to the other.	

	Ans. (D) For an exchange it is necessary that each party should be capable of offering something of value to the other.	1 mark
6	Q. One of the responsibilities of an aware consumer is to buy only standardised goods as they provide quality assurance. Identify the quality certification mark to be seen by a consumer in the picture given below:  (A) ISI Mark (B) Agmark (C) Hallmark (D) FPO/FSSAI Mark Ans. (A) ISI Mark <u>For Visually Impaired Candidates:</u> Madhu wants to buy Jewellery for her daughter's marriage. Which of the following quality certification mark should she look for while buying Jewellery: (A) FPO/FSSAI Mark (B) ISI Mark (C) Hallmark (D) Eco-mark	1 mark

	Ans. (C) Hallmark	
7	Q. Which of the following is not a protective function of Securities and Exchange Board of India: (A) Prohibition of fraudulent and unfair trade practices. (B) Controlling insider trading and imposing penalties for such practices. (C) Promotion of fair practices and code of conduct in securities market. (D) Undertaking measures to develop the capital markets by adapting a flexible approach. Ans. (D) Undertaking measures to develop the capital markets by adapting a flexible approach.	1 mark
8	Q. There are two Statements, Assertion (A) and Reason (R). Assertion (A): Larger the lead time, larger is the quantity of material required to be stored and larger shall be the amount of working capital required. Reason (R): If the raw material do not have a record of un-interrupted availability, higher stock levels may be required. Choose the correct alternative from the alternatives given below: (A) Assertion (A) is false and Reason (R) is true. (B) Both Assertion (A) and Reason (R) are false. (C) Assertion (A) is true and Reason (R) is false. (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). Ans. (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1 mark
9	Q. Which of the following statement is correct about personal selling: (A) It is an impersonal form of communication.	

	(B) Personal selling does not allow a sales person to develop personal relationships with the prospective customers. (C) Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making a sale. (D) Personal selling refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service. Ans. (C) Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making a sale.	1 mark
10	Q. There are two statements, Assertion (A) and Reason (R): Assertion (A): Coordination ensures unity of action. Reason (R): Coordination act as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. Choose the correct alternative from the alternatives given below: (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is correct, but Reason (R) is wrong. (D) Assertion (A) is wrong, but Reason (R) is correct. Ans. (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1 mark
11	Q. In an informal organisation, authority arises out of ____. (A) Virtue of position in management (B) Company's rules and policies (C) Scalar chain (D) Personal qualities	

	Ans. (D) Personal qualities	1 mark
12	Q. HG Air Conditioner Pvt. Ltd. is lagging behind its scheduled production target by a month. Despite a high demand, the company is struggling to meet its production target. Even after taking measures like training of employees and assigning additional workers and equipment to the project, the targets could not be met. The Production Manager, now, decided to revise the standards. Identify the step of the controlling process under which the Production Manager decided to revise the standards. (A) Setting performance standards (B) Measurement of actual performance (C) Analysing deviations (D) Taking corrective action Ans. (D) Taking corrective action	1 mark
13	Q. Statement-I: Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions. Statement-II: Motivation can be either positive or negative. Choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false. Ans. (C) Both Statement I and Statement II are true.	1 mark
14	Q. Alfa Graphics Ltd. was a reputed Indian company which had been in business for many years. The Chief Executive Officer of the company, Rohit Gupta always believed in understanding the business environment as well as	

	responding and adapting to it. When he found that a foreign multinational company, Leno Graphics, is entering the Indian market with new substitutes, he prepared to meet this threat by reducing cost and creating good quality and aesthetically appealing layouts, advertisements, logos etc. As a result, Alfa Graphics Ltd. was not only able to retain its own customers, but also started getting new projects: The point of importance of Business Environment discussed above is: (A) Tapping useful resources. (B) Identifying threats and early warning signals (C) Improving performance (D) Identifying opportunities and getting first mover advantage Ans. (B) Identifying threats and early warning signals	1 mark
15	Q. Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. The point of importance of organizing described above is: (A) Adaptation to change (B) Effective administration (C) Development of personnel (D) Expansion and growth Ans. (B) Effective administration	1 mark
16	Q. Statement -I: Regulation of takeover bids by companies is one of the Regulatory functions of Securities and Exchange Board of India. Statement-II: Training of intermediaries of securities market is one of the Development functions of Securities and Exchange Board of India.	

	Choose the correct option from the following: (A) Statement I is correct and Statement II is incorrect. (B) Statement II is correct and Statement I is incorrect. (C) Both Statement I and Statement II are correct. (D) Both Statement I and Statement II are incorrect, Ans. (C) Both Statement I and Statement II are correct.	1 mark										
17	Q. High inflation rates generally result in constraints on business enterprises as they increase the various costs of business such as the purchase of raw materials and payment of wages and salaries to employees etc. The dimension of business environment referred to above is: (A) Political Environment (B) Technological Environment (C) Social Environment (D) Economic Environment Ans. (D) Economic Environment	1 mark										
18	Q. Match the concepts of marketing in Column I with their respective explanations in Column -II: <table><tr><td>Column-I</td><td>Column - II</td></tr><tr><td>(a) Product concept</td><td>(i) Its main focus is on quality, performance and feature of the product.</td></tr><tr><td>(b) Selling concept</td><td>(ii) Its main focus is on satisfaction of customer needs.</td></tr><tr><td>(c) Marketing concept</td><td>(iii) Its main focus is on aggressively persuading buyer to purchase the existing product.</td></tr><tr><td>(d) Societal</td><td>(iv) Its main focus is on satisfaction of</td></tr></table>	Column-I	Column - II	(a) Product concept	(i) Its main focus is on quality, performance and feature of the product.	(b) Selling concept	(ii) Its main focus is on satisfaction of customer needs.	(c) Marketing concept	(iii) Its main focus is on aggressively persuading buyer to purchase the existing product.	(d) Societal	(iv) Its main focus is on satisfaction of	
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	concept customer needs and society's well-being.	
	Choose the correct options from the following: (a) (b) (c) (d) (A) (iv) (iii) (ii) (i) (B) (iii) (ii) (i) (iv) (C) (ii) (i) (iii) (iv) (D) (i) (iii) (ii) (iv) (a) (b) (c) (d) Ans. (D) (i) (iii) (ii) (iv)	1 mark
19	Q. Sadhna, a graduate of a reputed institute of management, is a successful manager. She applies her acquired knowledge in a personalised and skillful manner in difficult situations at work. She uses her imagination and creativity in handling these situations. The aspect of the nature of management highlighted in the above case is: (A) Management as an Art (B) Management as a Science (C) Management as a Profession (D) Management both as a Science and as a Profession Ans. (A) Management as an Art	1 mark
20	Q. The principles of management can be modified by the managers when the situation so demands. This highlights which of the following feature of principles of management: (A) General guidelines (B) Flexible (C) Contingent (D) Mainly behavioural Ans. (B) Flexible	1 mark

21	Q. P. Madhav is the production manager of ‘Trendy Style Pvt. Ltd.’, a firm manufacturing office furniture. His objective is to increase production by 20% in the next one year. But the Sales Manager, R. Shetty does not approve of the increase in production, till changes are brought about in the quality of wood, locks, handles etc. to incorporate latest trends. This kind of conflict brings to light an important concept of management that can help to link the activities of various departments. (i) Identify and explain the concept discussed above. (ii) State any two points of importance of the concept identified in (i) above. Ans. (i) Coordination Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal. (or any other correct meaning) (ii) <u>Importance of co-ordination:</u> (Any two) (i) With the growth in size and the number of people employed by the organisation increases, coordination is needed to integrate their efforts and activities and to harmonize individual goals and organisational goals. (ii) Functional differentiation in an organisation leads to creation of departments, divisions and sections like finance, production etc. and coordination helps in linking the activities of various departments. (iii) Modern organisations have high degree of specialisation where specialists usually think that they only are qualified to	(½ mark for identifying + ½ mark for meaning) + (1 x 2) = 1+2 =

	evaluate, judge and decide and do not take advice from others leading to conflict. Coordination helps in reconciling their differences. (If an examinee has given only the headings, ½ mark for each heading should be awarded)	3 marks
22	Q. (a) Give meaning of 'Communication'. State first two elements in the process of communication. Ans. <u>Meaning of 'Communication'</u> Communication is the process of exchange of ideas, views, facts, feelings, etc., between or among people to create common understanding. (or any other correct meaning) <u>First two elements in the process of communication are:</u> (i) <u>Sender</u>: The person who conveys his thoughts or ideas to the receiver. (ii) <u>Message</u>: It is the content of ideas, feelings, suggestions, order etc. intended to be communicated. (If an examinee has only given the name of the two elements, ½ mark for each correct element is to be awarded) OR (b) State any three 'Organisational barriers' to Communication. Ans. <u>Organisational barriers to communication: (Any three)</u>	1 mark 1 x 2 = 1+2 = 3 marks OR

	(i) <u>Rigid Rules and regulations</u> may delay communication. (ii) <u>Status</u> of the superior may not allow his subordinates to express their feelings freely. (iii) <u>Complexity in organization structure</u> leads to delayed and distorted communication. (iv) <u>Lack of organizational facilities</u> like frequent meetings, suggestion box etc. may discourage free flow of communication. (If an examinee has given only the heading, ½ mark for each correct heading should be awarded)	1 x 3 = 3 marks
23	Q. Madhwan was appointed as a Human Resource Manager in 'Health Grow Ltd.' six months back. As a Human Resource Manager, he has to perform many specialised activities and duties like analyzing jobs by collecting information about jobs and prepare job descriptions, training and development of employees etc. State three other specialized activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. Ans. Other specialized activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. are: (Any three) (i) Recruitment, i.e., search for qualified people. (ii) Developing compensation and incentive plans. (iii) Maintaining labour relations and union management relations. (iv) Handling grievances and complaints. (v) Providing for social security and welfare of employees. (vi) Defending the company in law suits and avoiding legal complications.	1 x 3 = 3 marks

24	Q.(a) State any three points of importance of Financial Planning. Ans. <u>Importance of Financial Planning (any three):</u> (i) It helps in <u>forecasting</u> what may happen in future under different situations and face the eventual situation in a better way. (ii) It helps in <u>avoiding business shocks</u> and surprises and helps the company in preparing for the future. (iii) It helps in <u>co-ordinating various business functions</u>, like sales and production functions, by providing clear policies and procedures. (iv) It helps to <u>reduce waste</u>, duplication of efforts and gaps in planning. (v) It tries to <u>link the present with the future</u>. (vi) It provides a <u>link between investment and financing decisions</u> on a continuous basis. (vii) It makes the <u>evaluation</u> of actual performance easier by spelling out detailed objectives for various business segments. (If an examinee has only listed the points, ½ mark for each point should be awarded) OR (b) State any three factors that affect the fixed capital requirements of a company. Ans. <u>Factors affecting Requirement of Fixed Capital (Any three):</u> (i) <u>Nature of business</u> affects the fixed capital requirement as a	1 x 3 = 3 marks OR
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	trading concern needs lower investment in fixed assets compared with a manufacturing organisation. (ii) <u>Scale of operation</u> affects the fixed capital requirement as a large organisation operating at a higher scale needs higher investment in fixed assets as compared to a small organisation. (iii) The <u>choice of technique</u> affects the fixed capital requirement as a capital intensive organisation requires higher investment in plant and machinery, whereas a labour intensive organisation requires less investment in fixed assets. (iv) Industries requiring <u>technology upgradation</u> need a higher investment in fixed assets as their assets become obsolete sooner and need to be replaced faster. (v) Higher <u>growth</u> of an organisation generally requires higher investment in fixed assets, consequently larger fixed capital. (vi) With <u>diversification</u>, fixed capital requirement increases as more investment is to be made in fixed assets. (vii) <u>Financing alternatives</u> affect the requirement of fixed capital as availability of leasing facilities may reduce the funds required to be invested in fixed assets as compared to buying an asset. (viii) <u>Collaboration</u> reduces the level of investment in fixed assets as organisations share each other's facilities. (If an examinee has given only the heading, ½ mark for each heading should be awarded)	1 x 3 = 3 marks
25	Q.(a) State any four points of importance of 'Directing' function of Management. Ans. <u>Importance of Directing function (Any four):</u> (i) Directing <u>helps to 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. (ii) Directing <u>integrates employees' efforts</u> in the organization in such a way that every individual effort contributes to the organizational performance. (iii) Directing <u>guides employees to fully realize their potential</u> and capabilities by motivating and providing effective leadership. (iv) Directing <u>facilitates introduction of needed</u> changes in the organization through effective motivation, communication and leadership. (v) Directing <u>helps to bring stability and balance</u> in the organization by fostering co-operation and commitment among the people. (If an examinee has only listed the points, ½ mark for each point should be awarded) OR (b) State any four limitations of internal sources of recruitment. Ans. <u>Limitations of internal sources of recruitment:</u> (Any four) (i) When vacancies are filled through internal promotions, the <u>scope for induction of fresh talent is reduced.</u> (ii) The employees may become <u>lethargic</u> if they are sure of time-bound promotions. (iii) A new enterprise cannot use internal sources of recruitment and <u>no organisation can fill all its vacancies from internal sources.</u> (iv) The <u>spirit of competition</u> among the employees may be <u>hampered.</u>	1 x 4 = 4 marks OR 1 x 4 =
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	(v) <u>Frequent transfers</u> of employees may often reduce the productivity of the organisation. (If an examinee has only listed the points, ½ mark for each point should be awarded)	4 marks
26	Q. (a) Explain the following external sources of recruitment: (i) Direct Recruitment (ii) Casual Callers Ans. (i) Direct Recruitment ▪ It is a source of recruitment, in which, a notice is placed on the notice board of the enterprise specifying the details of the jobs available. ▪ Job-seekers (skilled or semi-skilled) assemble outside the premises of the organisation on the specified date and selection is done on the spot. (ii) Casual callers ▪ It is a source of recruitment in which the business organisations keep a database of unsolicited applications in their offices to be used as a valuable source of manpower. ▪ A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. OR (b) Explain the following non-financial incentives which motivate employees for higher performance: (i) Employee participation (ii) Organisational climate	2 marks 2 marks = 2+2 = 4 marks OR

	requires the manufacturers to provide such information on the package and label of the product. <u>(b) Right to seek redressal</u> ▪ The consumer has a right to get relief in case the product or service falls short of his expectations. ▪ The Consumer Protection Act provides relief to customers such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer. (If an examinee has explained 'Right to be Heard' instead of 'Right to seek redressal' with its correct explanation, full credit is to be given)	2 marks = 2+2 = 4 marks
28	Q. 'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹100 crores. The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities. The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares ₹200 per share for the first time. (i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion. (ii) State three features of the market identified in (i) above. Ans. (i) <u>Primary Market/ New Issue Market</u>	1 mark

	(ii) <u>Features of the Primary market:</u> (Any three) (a) There is sale of securities by new companies or further (new issues of securities by existing companies to investors). (b) Securities are sold by the company to the investor directly (or through an intermediary). (c) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation. (d) Only buying of securities takes place in the primary market, securities cannot be sold there. (e) Prices are determined and decided by the management of the company. (f) There is no fixed geographical location. (If an examinee has only listed the points, ½ mark for each point should be awarded)	(1 x 3) = 1+3 = 4 marks
29	Q. Ganesh Jain is the Marketing Manager at ‘KL Foods Ltd’. He has a team of four employees working under him-Kavya, Ritesh, Pooja and Madhav. Kavya and Ritesh are temporary employees while Pooja and Madhav's job is permanent. All four of them have been working hard and consistently met all targets. Ganesh Jain wanted to reward them for their good performance. He understood that in all human beings, there exists a hierarchy of needs. So, he identified the need level of each of the employees to provide motivation to them. Kavya and Ritesh were made permanent in the job with a good pension plan while Pooja and Madhav were given an autonomy status. (i) Identify and state the need of employees recognized by Ganesh Jain in the above case. (ii) State any two assumptions on which Maslow's Need Hierarchy Theory is based on.	

	is paid as dividend to them every year, the company declares dividend every year. Atul, the Finance Manager of the company identified promising growth opportunities. He suggested to the Chief Executive Officer to retain the earnings to finance the required investments instead of declaring dividend every year. For this, the Chief Executive Officer decided to call a General Body Meeting of the shareholders. (i) Identify two factors affecting dividend decision discussed above. (ii) State two other factors that affect the dividend decision of a company. Ans. (i) Two factors affecting dividend decision discussed above are: ▪ Shareholders' Preference ▪ Growth Opportunities (ii) <u>Other factors that affect the dividend decision of a company are: (Any two)</u> (i) <u>Amount of Earnings</u> affect dividends as they are paid out of current and past earnings. (ii) <u>Stability of earnings</u> affects dividends as a company having stable earnings is in a better position to declare higher dividends as compared to a company with unstable earnings. (iii) <u>Stability of dividends</u> also affects dividend decision as companies generally follow a policy of stabilising dividend per share and the increase in dividend is generally made when the earning potential goes up. (iv) <u>Cash Flow position</u> affects the dividend decision as availability of enough cash in the company is necessary for declaration of dividend. (v) <u>Taxation policy</u> affects the tax treatment of dividend and	($\frac{1}{2} \times 2$) + ($1\frac{1}{2} \times 2$) = 1+3 = 4 marks
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	capital gains as when tax on dividend is higher, it is better to pay less by way of dividends (vi) As <u>stock markets react positively</u> to increase in dividend, it is an important factor considered by the management while taking a decision about it. (vii) Large and reputed companies generally have easy <u>access to the capital market</u>, and therefore, may depend less on retained earnings to finance their growth, and therefore, pay high dividends. (viii) Certain <u>legal constraints</u> like provisions of the Companies Act place restrictions on payouts as dividends, which must be adhered to while declaring the dividend. (ix) <u>Contractual constraints</u> affect the dividend decision as companies are required to ensure that the dividend does not violate the terms of the loan agreement. (If an examinee has given only the heading, ½ mark for each heading should be awarded)	
31	Q. (a) Explain the following principles of General Management: (i) Scalar chain (ii) Equity (ii) Initiative Ans. (i) Scalar Chain ▪ The formal lines of authority from highest to lowest ranks are known as Scalar chain. Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. ▪ This chain should not be violated in the normal course of formal communication. However, in case of any	2 marks

	emergency, a shorter route named gang plank may be used to avoid delay in communication. (ii) Equity ▪ The principle of Equity states that there should be no discrimination against anyone on account of gender, religion, language, caste, belief, nationality etc. ▪ This principle emphasises kindliness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. (iii) Initiative ▪ Initiative means taking the first step with self motivation. Principle of initiative states that the workers should be encouraged to develop and carry out their plans for improvements. ▪ A good company should have an employee suggestion system whereby initiative/ suggestions which result in substantial reduction in cost/ time should be rewarded but it does not mean going against the established practices of the company. (or any other suitable explanation) OR (b) Objectives of Management can be classified into organisational, social and personal objectives. Explain these objectives. Ans. Management seeks to achieve various objectives. These are: (i) Organisational objectives	2 marks 2 marks = 2+2+2 = 6 marks OR
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	The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfill the economic objectives of a business. These are: (a) <u>Survival</u>- For the survival of the business, management must strive to earn enough revenues to cover costs. (b) <u>Profit</u>- Mere survival is not enough, so the management has to ensure that organisation earns a profit which is essential for covering cost and risk of the business. (c) <u>Growth</u>- A business needs to add to its prospects in the long run, hence management must exploit fully the growth potential of the organization to remain in the industry. (ii) Social objectives It refers to consistently creating economic value for various constituents of society. This includes using environmental friendly methods of production, giving employment opportunities to the underprivileged sections of society and providing basic amenities like schools and healthcare etc. (iii) Personal objectives People working in the organisations have diverse needs like financial needs, social needs and higher level needs. Management aims to reconcile personal goals with organizational objectives for harmony in the organisation.	3 Marks 1 ½ marks 1 ½ marks = 6 marks
32	Q.(a) Explain the following points of importance of 'Planning function of management: (i) Planning provides directions: (ii) Planning promotes innovative ideas. (iii) Planning reduces the risk of uncertainty.	

	the value of the product. To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc. To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists. The above case describes the combination of elements used by DG Ltd. to prepare its market offering. Quoting lines from the above para, identify and explain the elements. Ans. Combination of elements used by DG Ltd. to prepare its market offering are: <u>(i) Product/ Product Mix</u> <i>“This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials.”</i> <i>or</i> <i>“The distinguishing feature of this flying car is that its production will be in India and it will utilise biofuel alongside electricity, ensuring a sustainable mode of transportation.”</i> Product means goods or services or anything of value which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging. <u>(ii) Price/ Price Mix</u> <i>“Priced at 2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the</i>	(½ Mark for naming each element + ½ mark for quoting + ½ mark for correct explan
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	<i>customers perceive the price to be in line with the value of the product”</i> Price is the amount of money customers have to pay to obtain the product. It involves decisions regarding the basic price of the product, discount to customers, traders, credit terms etc. <u>(iii) Place/ Physical distribution</u> <i>“To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc.”</i> Place/ Physical distribution includes activities that make firm’s products available to the target customers. It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the intermediaries, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers. <u>(iv) Promotion/ Promotion Mix</u> <i>“To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists.”</i> Promotion refers to communicating availability, features, merits, etc. of the products and services to the target customers and persuading them to buy it. It uses a combination of promotional tools such as advertising, personal selling and sales promotion techniques.	ation) = (1½ x 4) = 6 marks
34	Q. Royal Glaze Ltd. continues to maintain its position as one of the largest consumer goods companies in the world. Its	

organisational structure is designed to facilitate the achievement of its objectives in alignment with its vision statement. The company maintains two distinct product divisions in its organisational structure 'Foods' and 'Home Care'.

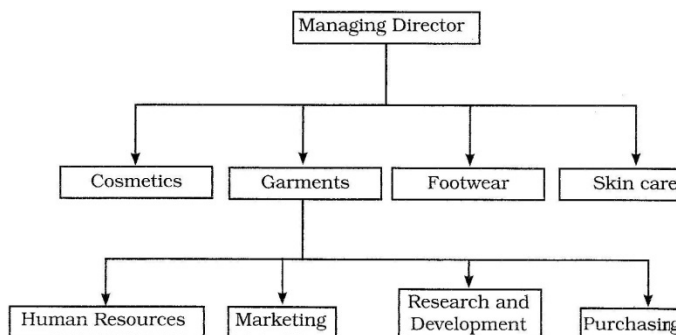
Looking ahead, the company is focusing on embracing changes so that it can continue to be the market leader. As part of its expansion plans, it is planning to venture into the electronics segment in the near future.

- (i) Identify the organisational structure of 'Royal Glaze Ltd.
- (ii) Draw the organisational structure chart of Royal Glaze Ltd considering its future plans to enter into Electronics segment
- (iii) State any three advantages of the type of organisational structure drawn in (ii) above.

Ans. (i) Divisional Structure

**1
Mark**

(ii)



(or any other correct diagram)

**2
Marks**

(ii) Advantages of divisional structure (Any three):

(i) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions.

	(ii) It helps in <u>fixation of responsibility</u> in case of poor performance of the division because the divisional heads are accountable for profits. (iii) It <u>promotes flexibility and initiative</u> because each division functions as an autonomous unit which leads to faster decision making. (iv) It <u>facilitates expansion and growth</u> as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line. (If an examinee has only listed the underlined points, ½ mark for each point should be awarded)	(1 x 3) = 1+2+3 = 6 marks
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