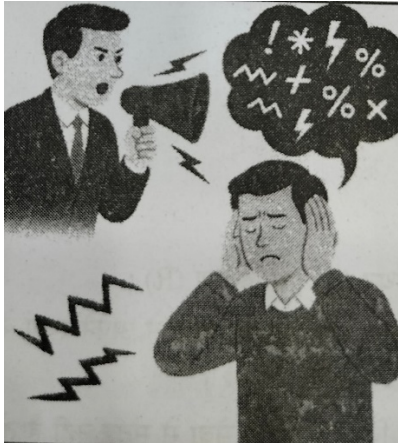


66/ 1/1	SOLUTIONS BUSINESS STUDIES 66/1/1 EXPECTED ANSWERS/ VALUE POINTS	MARKS
1	Q Ritika wanted to buy a new washing machine. She visited ‘Elec Duniya’, a large electronics store. She saw there many different brands and models on display like KM, Neo, Unipool, INH etc. The salesperson at the store explained the differences in quality, brand reputation and prices of different washing machines. Ritika could now compare fully automatic, semi-automatic, top load and front load washing machines. The salesperson encouraged her to take her time, check different brands and resolve her queries. Ritika also went to another shop nearby to compare prices and features of different washing machines. After comparing all the available options, Ritika chose a 'Neo' front load washing machine because it offered the best features within her budget. The consumer right exercised by Ritika in the above case is: (A) Right to be heard (B) Right to be assured (C) Right to consumer education (D) Right to seek redressal Ans. (B) Right to be assured	1 Mark
2	Q The workers in Alpha manufacturing company were using traditional methods for production of metal parts. Since no standard procedure existed, workers relied on personal experience and guess work. As a result, productivity in the assembly line began to decline. To improve productivity, the company hired a consultant specializing in scientific management. The consultant explained that there was only one best method to maximize efficiency and this method could be developed through proper study and analysis. He emphasized that the scientific method should replace the old method, that the workers were using. So, to develop the scientific method, the consultant carefully investigated the traditional methods through work-study and by unifying the best practices, he developed a standard method that would be followed by everyone in the organization. After applying scientific method, there was a three fold increase in productivity within six months.	

	The principle of scientific management which helped the company in increasing the productivity was: (A) Science, not Rule of Thumb (B) Harmony, Not Discord (C) Cooperation, Not Individualism (D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity Ans. (A) Science, not Rule of Thumb	1 Mark
3	Q Read the following statements carefully: Statement-I: Consumers should get together and form themselves into consumer associations for protection and promotion of their interests. Statement-II: The Consumer Protection Act provides for setting up a two-tier enforcement machinery for the redressal of consumer grievances. With reference to given statements, choose the correct alternative from the following: (A) Both the statements are true. (B) Both the statements are false. (C) Statement I is true, Statement II is false. (D) Statement I is false, Statement II is true. Ans. (C) Statement I is true, Statement II is false.	1 Mark
4	Q  Identify the element of communication process from the above picture: (A) Feedback (B) Media (C) Noise (D) Decoding	

	Ans. (C) Noise <u>For Visually Impaired Candidates:</u> Q The element of communication process that converts the message into communication symbols is: (A) Feedback (B) Media (C) Decoding (D) Encoding Ans. (D) Encoding	1 Mark 1 Mark
5	Q Read the following statements -Assertion (A) and Reason (R): Assertion (A): Many enlightened business firms have set up their own consumer service and grievance cells. Reason (R): The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or service. Choose the correct alternative from the alternatives given below: (A) Both Assertion (A) and Reason (R) are false. (B) Assertion (A) is false and Reason (R) is true. (C) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (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
6	Q Sudha is a corporate executive and has to attend a felicitation function to be held in her office tomorrow. So she decides to colour her hair. On recommendation of her friend, she purchased 'NATURO' hair colour. After reading essential details such as shade, its ingredients, usage instructions and expiry date mentioned on the box, Sudha opened the box. She took out the colour tube and developer bottle from the box and threw away the box. The level of packaging of box thrown away by Sudha was: (A) Primary packaging (B) Transportation packaging (C) Secondary packaging (D) General packaging	

	Ans. (C) Secondary packaging	1 Mark
7	Q Read the following statements-Assertion (A) and Reason (R): Assertion (A) : Money market instruments have a higher degree of liquidity as compared to capital market securities. Reason (R) : Money market instruments are traded on the stock exchanges. Choose the correct alternative from the alternatives given below: (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). (C) Assertion (A) is true and Reason (R) is false. (D) Assertion (A) is false and Reason (R) is true. Ans. (C) Assertion (A) is true and Reason (R) is false.	1 Mark
8	Q Ravi purchased gold jewellery from a reputed jewellery store. He ensured that the jewellery had a hallmark which confirm its purity and authenticity. To avoid paying goods and services tax (GST) he asked the salesperson to write the gold weight and making charges on a slip of paper and hand over it to him. Which of the following responsibilities of a consumer was not fulfilled by Ravi while purchasing jewellery? (A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. (B) Ask for a cash memo on purchase of goods and services. (C) Buy only standardized goods as they provide quality assurance. (D) Assert yourself to ensure that you get a fair deal. Ans. (B) Ask for a cash memo on purchase of goods and services.	1 Mark
9	Q ‘CARO Tech Solutions’ aimed at development of a software system for the company's growing operations. The project was to be completed within six months with a budget of ₹ 12,00,000. The software development team successfully completed its project on time by outsourcing a part of the project, leading to an additional expense of ₹ 2,00,000. From the following, identify whether the software development team is: (A) Efficient and Effective	

	(B) Efficient but not effective (C) Effective but not efficient (D) Neither efficient nor effective Ans. (C) Effective but not efficient	1 Mark
10	Q Due to severe winter and rising pollution levels, 'Green India Electronics' planned to launch a new eco-friendly heater in the market. It conducted a survey and found that the demand of this product was very high. As the winter season lasts only for 2 to 3 months, the Chief Executive Officer wanted that there should be close coordination among all the managers to deliver orders on time. Top level managers were asked to work in coordination with their subordinates to ensure that company's policies were properly followed. To ensure that the heaters would be ready on time, the production manager co-ordinated with the operational level managers. Operational level managers co-ordinated the activities of the workers to ensure that work proceeded according to plans. As a result 'Green India Electronics' was able to launch its heaters on time, in the market. The feature of co-ordination discussed in the above case is: (A) Co-ordination is a deliberate function. (B) Co-ordination is the responsibility of all managers. (C) Co-ordination is a continuous process. (D) Co-ordination ensures unity of action. Ans. (B) Co-ordination is the responsibility of all managers.	1 Mark
11	Q 'Business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.' The feature of business environment highlighted in the above statement is: (A) Totality of external forces (B) Complexity (C) Dynamic nature (D) Relativity Ans. (C) Dynamic nature	1 Mark
12	Q A position when a company is unable to meet its fixed financial charges like interest payment, dividend on preference shares and repayment obligations is referred to as_____.	

	(A) Trading on equity (B) Financial risk (C) Business risk (D) Operating risk Ans. (B) Financial risk	1 Mark
13	Q Identify the incorrect statement with respect to the importance of planning function of management: (A) Planning provides directions by stating in advance how work is to be done. (B) Planning eliminates uncertainty by looking ahead and anticipating changes. (C) Planning facilitates decision making by making a choice among various alternative courses of action. (D) Planning promotes innovative ideas as new ideas can take the shape of concrete plans. Ans. (B) Planning eliminates uncertainty by looking ahead and anticipating changes.	1 Mark
14	Q Organising is the process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results. Organising process thus involves a series of steps that need to be taken in order to achieve the desired goal. Arrange the steps of the process of organizing in the correct order: (A) Identification and Division of work, Assignment of duties, Departmentalisation, Establishing authority and reporting relationships (B) Identification and Division of work, Assignment of duties, Establishing authority and reporting relationships, Departmentalisation (C) Departmentalisation, Identification and Division of work, Establishing authority and reporting relationships, Assignment of duties (D) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship Ans. (D) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship	1 Mark

15	Q Identify the feature of planning which states that the purpose of planning is to meet future events effectively to the best advantage of an organisation: (A) Planning involves decision making (B) Planning is futuristic (C) Planning is a mental exercise (D) Planning focuses on achieving objectives Ans. (B) Planning is futuristic	1 Mark																				
16	Q Match the principle of management given in Column I with its explanation given in Column II: <table><tr><td></td><td>Column-I</td><td></td><td>Column - II</td></tr><tr><td>(a)</td><td>Discipline</td><td>(i)</td><td>There should be one and only one boss for every individual employee in the organisation.</td></tr><tr><td>(b)</td><td>Unity of direction</td><td>(ii)</td><td>There should be a place for everything (everyone) and everything (everyone) should be in its (his/her) place.</td></tr><tr><td>(c)</td><td>Order</td><td>(iii)</td><td>There should be obedience to organisational rules and employment agreement which is necessary for the working of the organisation.</td></tr><tr><td>(d)</td><td>Unity of command</td><td>(iv)</td><td>Each group of activities having the same objective must have one head and one plan.</td></tr></table> Choose the correct option from the following: (a) (b) (c) (d) (A) (iii) (iv) (i) (ii) (B) (iv) (iii) (ii) (i) (C) (iv) (iii) (i) (ii) (D) (iii) (iv) (ii) (i) (a) (b) (c) (d) Ans. (D) (iii) (iv) (ii) (i)		Column-I		Column - II	(a)	Discipline	(i)	There should be one and only one boss for every individual employee in the organisation.	(b)	Unity of direction	(ii)	There should be a place for everything (everyone) and everything (everyone) should be in its (his/her) place.	(c)	Order	(iii)	There should be obedience to organisational rules and employment agreement which is necessary for the working of the organisation.	(d)	Unity of command	(iv)	Each group of activities having the same objective must have one head and one plan.	1 Mark
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17	Q The step of controlling process which reveals the deviation between actual performance and desired results is: (A) Setting performance standards (B) Analysing deviations (C) Taking corrective action																					

	(D) Comparing actual performance with the standards Ans. (D) Comparing actual performance with the standards	1 Mark
18	Q ‘Certain provisions of the Companies Act place restrictions on payouts as dividend. Such provisions must be adhered to while declaring the dividend.’ The factor affecting dividend decision discussed above is: (A) Access to capital market (B) Contractual constraints (C) Legal constraints (D) Stock market reaction Ans. (C) Legal constraints	1 Mark
19	Q Read the following statements carefully: Statement-I : Control should focus on key result areas which are critical to the success of an organization. Statement-II : Only significant deviations which go beyond the permissible limit should be brought to the notice of management. With reference to the given statements, choose the correct alternative from the following: (A) Both the statements are true. (B) Both the statements are false. (C) Statement I is true and Statement II is false. (D) Statement I is false and Statement II is true. Ans. (A) Both the statements are true.	1 Mark
20	Q Which of the following is NOT an organisational barrier to communication? (A) Status (B) Organisational facilities (C) Lack of proper incentives (D) Rules and regulations Ans. (C) Lack of proper incentives	1 Mark
21	Q ‘Riya Mart’ is a company manufacturing disposable crockery. They have been in business for the past five years, but were not earning good profits. Concerned about this, the Chief Executive	

	Officer (CEO), Verma, ordered an internal audit. The audit uncovered several issues like inventory pilferage, employees coming late and their performance not up to the mark. To stop inventory pilferage, Verma, the CEO, introduced surprise stock checks and installed an automated inventory management system to track stock movements. A biometric attendance system was also set up to keep a check on employees coming late. In addition to this, to motivate employees for better performance, they were told in advance what they are expected to do and what are their standards of performance. As a result of these steps, the inventory pilferage reduced, employees became more punctual and their performance improved. (i) Identify and state the function of management performed by Verma, the Chief Executive Officer of the company. (ii) State any two points of importance of the function identified in (i) above, which are not discussed in the above para. Ans (i) The function of management performed by Verma is Controlling. Controlling implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans. (ii) Importance of controlling which are not discussed in the above para are (Any TWO) • It helps in accomplishing organisational goals as it measures progress towards the organisational goals and brings to light the deviations, if any. • It facilitates coordination in action as each department and employee is governed by predetermined standards. • It helps in judging accuracy of standards by reviewing and revising the standards in the light of changes taking place in the organisation and in the environment • By ensuring that each activity is performed in accordance with predetermined standards and norms, a manager makes efficient use of resources <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	(½ mark for identification and ½ mark for statement) 1 x 2 = 2 (1+ 2) = 3marks
22	Q 'Soal Footwear Ltd.' is known for its high quality athletic shoes and casual sneakers. With increasing competition and changing consumer preferences, it decided to diversify its product range by	

	adding clothing, bags and accessories under the same brand umbrella. This diversification aimed to capture a larger share of the market and increase customer loyalty. (i) Suggest with reason which type of organisational structure will be suitable for 'Soal Footwear Ltd.' (ii) State any two advantages of the organisational structure suggested in (i) above. Ans (i) Divisional structure Reason: Divisional structure is suitable where a large variety of products are manufactured / the company has decided to diversify its product range. (ii) Advantages of Divisional structure (any TWO) (a) Product specialisation helps in the development of varied skills in a divisional head and thus prepares him for higher positions. (b) Divisional heads are accountable for profits as revenues and costs related to different departments can be easily identified and assigned to them. (c) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making. (d) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line. <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	½ ½ + 1 x 2 =2 (1+ 2= 3 Marks)
23	Q (a) State any three measures to improve communication effectiveness. Ans. Measures to improve the communication effectiveness (Any THREE) (i) Clarify the ideas before communication which should be studied in depth, analysed and stated in such a manner that is clearly conveyed to subordinates. (ii) To communicate according to the needs of receiver the manager should adjust his communication according to the education and understanding levels of subordinates. (iii) Consulting others before communicating may help to gain ready acceptance and willing cooperation of subordinates.	1 x 3 = 3 Marks

	(iv) Manager should be aware of languages, tone and content of message so that it is understandable to the receiver and does not offend the sentiments of listeners. (v) To convey things of help and value to listeners as it is better to know the interests and needs of the people with whom you are communicating. (vi) Ensure proper feedback by asking questions regarding the message conveyed. (vii) Communicate for present as well as future as it is needed to meet the existing commitments, to maintain consistency and to aim at future goals of the enterprise also. (viii) Follow up communications on the instructions given to subordinates which help in removing hurdles if any in implementing the instructions. (ix) Manager should be a good listener as a patient and attentive listening solves half of the problems. <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i> OR Q (b) State any three features of leadership. Ans. Features of leadership (Any THREE) (i) Leadership indicates ability of an individual to influence others. (ii) Leadership tries to bring change in the behaviour of others. (iii) Leadership indicates interpersonal relations between leaders and followers. (iv) Leadership is exercised to achieve common goals of the organisation. (v) Leadership is a continuous process.	OR (1 x 3) = 3 Marks
24	Q (a) State any three functions of middle level management. Ans. Functions of middle level management (Any THREE) (i) They interpret the policies framed by top management. (ii) They ensure that their department has the necessary personnel. (iii) They assign necessary duties and responsibilities to personnel in their department. (iv) They motivate people in their department to achieve desired objectives.	(1 x 3)

	(v) They cooperate with other departments for smooth functioning of the organization. (vi) They implement and control plans and strategies developed by top management. (vii) They are responsible for all the activities of the first line managers. OR Q (b) State any three features of 'Demonetisation'. Ans. Features of Demonetisation (Any THREE) (i) Demonetisation is tax administration measure as it requires declaration of unaccounted wealth and payment of taxes at a penalty rate. (ii) It is interpreted as a shift on the part of the government that tax evasion will no longer be tolerated or accepted. (iii) It leads to tax administration channelizing savings into the formal financial system. (iv) It creates a less-cash or cash-lite economy improving tax compliance.	= 3 Marks OR (1x 3) = 3 marks
25	Q 'Sheetal Cosmetics Ltd.', is a fast growing beauty and skin care company known for its innovative products and aggressive market expansion. As the company increased its marketing activities like new product launches, accelerated advertising campaigns, social media promotions and influencer collaborations etc., the workload of the marketing department grew sharply. Despite working long hours, the marketing manager Arjun couldn't give adequate attention to strategic planning and high impact decisions as minor operational issues began consuming most of his time. Noticing this, the Chief Executive Officer (CEO) advised Arjun that it was now impractical for him to handle the entire volume of work alone, so he should allow his subordinates to take up routine tasks. This would not only help him manage his time better but also satisfy the subordinate's need for recognition. This will also provide opportunities to the subordinates to develop and exercise initiative. (i) Identify the concept suggested by CEO that will help Arjun to manage volume of work effectively. (ii) State any three points of importance of the concept identified in (i) above. Ans. (i) Delegation	1

	(ii) Importance of delegation (Any THREE): (i) Delegation leads to effective management as by empowering the employees the managers get more time to concentrate on important matters. (ii) It leads to employee development as employees get more opportunities to utilize their talent and develop themselves for higher positions. (iii) It motivates the employees as when a superior entrusts a subordinate with a task, it involves trust on the superior's part and commitment on part of subordinates. (iv) It facilitates growth as it helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. (v) It establishes superior-subordinate relationships, which are the basis of hierarchy of management. (vi) It leads to better coordination as clarity in reporting relationships help in developing and maintaining effective coordination amongst the departments, levels and functions of management (If an examinee has only listed the points, ½ mark for each point should be awarded)	1 x 3 = 3 (1 + 3 = 4 Marks)
26	Q (a) State any four merits of internal sources of recruitment. Ans. Merits of Internal Sources of recruitment: (Any FOUR) (i) Employees are motivated to improve their performance as a promotion at a higher level may lead to a chain of promotion at lower levels in the organisation which motivates the employees to improve their performance. (ii) It simplifies the process of selection and placement as the candidates that are already working in the enterprise can be evaluated more accurately and economically; also as they are known to the organisation it is a more reliable source (iii) Transfer is a tool of training as it helps the employees to prepare them for higher jobs and people recruited from within the organisation do not need induction training. (iv) Transfer has the benefit of shifting workforce from the surplus departments to those where there is shortage of staff. (v) It is economical as filling of jobs internally is cheaper as compared to getting candidates from external sources. OR	1 x 4 = 4 marks

	Q (b) State any four benefits of training to the employees. Ans. Benefits of training to the employees: (i) Improved skills and knowledge due to training lead to better career of the individual. (ii) Increased performance by the individual help him to earn more. (iii) Training makes the employee more efficient to handle machines and makes them less prone to accidents. (iv) Training increases the satisfaction and morale of employees.	OR 1 x 4 = 4 marks
27	Q (a) Explain the following points of importance of planning: (i) Planning establishes standards for controlling (ii) Planning reduces overlapping and wasteful activities Ans. (i) Planning establishes standards for controlling: - Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with the standard, managers can know whether goals have been attained and deviations corrected. - Planning is a prerequisite for controlling. If there were no goals and standards, then finding deviations which are a part of controlling would not be possible. (ii) Planning reduces overlapping and wasteful activities - Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. - It helps in avoiding confusion and misunderstanding by eliminating useless and redundant activities. OR Q (b) Explain the following types of plans: (i) Objective (ii) Method Ans. (i) Objectives: - Objectives are the desired future position that the management would like to reach, which need to be expressed in specific terms and should be in the form of a written statement. - They are usually set by top management of the organization and focus on broad, general issues. Different departments and units in the organisation may have their own objectives. (ii) Method:	2 + 2 = 4 marks OR 2 +

	• Method is the prescribed way or manner in which a task has to be performed considering the objective. • It deals with a task comprising one step of a procedure and specifies how this step is to be performed. It may vary from task to task.	2 = 4 Marks
28	Q Rajiv was on the board of directors of 'Tako Solutions', a software development company and 'Sabka Mart Retail', a large supermarket chain. He wanted to apply management principles in both the companies to improve efficiency and profitability. He knew that management principles can be applied as much to 'Tako Solutions' as to 'Sabka Mart Retail' though the extent to which the principles can be applied will differ, because the nature of work, scale of operations and business activities in a software firm and a supermarket chain are not the same. Rajiv also knew that the management principles would not provide readymade solutions because real world situations faced by the two companies were very complex and dynamic. Still, he believed that even small guidelines could help in solving many problems and will improve the way both companies worked. Identify and explain the two points that highlight the nature of principles of management, in the above case. Ans. (i) Universal applicability The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like. (ii) General guidelines The principles are guidelines to action but do not provide readymade, straitjacket solutions to all managerial problems because real business situations are very complex and dynamic and are a result of many factors. However, the importance of principles cannot be underestimated because even a small guideline helps to solve a given problem.	(½ mark for identification + 1 ½ mark for explanation) (2+2 = 4 Marks)

29	Q ‘GW Industries’, known for its paper products, decided to produce and launch a new line of sustainable packaging called ‘EcoPac’. As management is a complex activity, the Chief Executive Officer of the company translated the work into clear goals and assigned the means to achieve those. He knew that human resources are the greatest asset of an organization, so getting work done through them is also a major task. The production of high quality sustainable packaging also required a proper production process. This was put in place for managing the flow of input materials and technology to convert these materials into high quality sustainable packaging. In this way ‘GW industries’ took care of various aspects for successful launch of ‘EcoPac’. A characteristic of management is discussed in the above case. Identify and explain the characteristic. Ans. Management is multidimensional It has three dimensions which are: Management of work: - All organisations exist for the performance of some work and Management translates this work in terms of goals to be achieved and assigns the means to achieve it. Management of people: - It implies dealing with employees as individuals with diverse needs and behavior and dealing with individuals as a group of people. Management of operations: - It requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.	1 (½ mark for heading + ½ mark for explanation) 1 x 3 1 + 3 = 4 marks
30	Q ‘Eco Care’, a start-up, plans to launch a reusable water bottle for environmentally conscious millennials and Gen Z. For this, they conducted a market research to identify the needs of the customers so that an informed decision could be taken for successful marketing of the product. They wanted to work carefully on the design to make the bottle attractive to the target customers. On the basis of consumer views and opinions, they developed a stylish stainless steel bottle with double wall insulation to keep beverages cold for 24 hours, giving it a competitive advantage in the market.	

	They named the bottle 'Eco-Sip' creating a brand identity focused on sustainability and simplicity. It would also help in product differentiation. The packaging was made using hundred percent recyclable cardboard, with details of sustainability, features, price etc. printed on it. State the four functions of marketing that are carried out by 'Eco Care' in the above case. Ans. The functions of marketing carried out by 'Eco Care' are: (i) Gathering and analysing market information is necessary to identify the needs of the customers to analyse the available opportunities and threats as well as strengths and weaknesses of an organisation. (ii) Product designing and development contributes to making the product attractive to the target customers, improve performance of a product and also give it a competitive advantage in the market. (iii) Branding involves decision whether to sell the product in its generic name or give it a brand name as brand name helps in creating product differentiation, which in turn, helps in building customer loyalty and in promoting its sale. (iv) Packaging and labelling refers to designing and developing the package for the products and designing and developing the label to be put on the package. <i>(If an examinee has only listed the points, ½ mark for each point should be awarded)</i>	1 x 4 = 4 Marks
31	Q 'Koka Manufacturing Ltd.' is a large scale manufacturer in the electronics industry. In this industry assets are prone to obsolescence and their replacement becomes due faster with change in technology. The company is constantly under pressure to upgrade its machinery and equipment as it would help company to stay competitive, improve its product quality and reduce production costs. So instead of purchasing the machinery, company decides to lease the required machinery, giving it flexibility to upgrade equipment at the end of lease term. This helps company to maintain operational efficiency, technological competitiveness and financial flexibility. Identify and explain four factors that would affect the fixed capital requirements of 'Koka Manufacturing Ltd.'. Ans. The four factors affecting fixed capital requirements of Koka Manufacturing Ltd. are as follows:	

	(i) Nature of business A trading concern needs lower investment in fixed assets compared with a manufacturing organisation; since it does not require to purchase plant and machinery, etc. (ii) Scale of operation A larger organisation operating at a higher scale needs a bigger plant, more space etc. and therefore, requires higher investment in fixed assets when compared with the small organisation. (iii) Technology upgradation In certain industries, assets become obsolete sooner. Consequently, their replacement become due faster. Higher investment in fixed assets may, therefore, be required in such cases. (iv) Financing alternatives When an asset is taken on lease, the firm pays lease rentals and uses it. Availability of leasing facilities may reduce the funds required to be invested in fixed assets, thereby reducing the fixed capital requirements.	(½ mark for identification + 1 mark for explanation) 1 ½ x 4 = 6 Marks
32	Q (a) Explain the following steps in the staffing process: (i) Estimating manpower requirements (ii) Selection (iii) Placement and orientation Ans. (i) Estimating manpower requirements • Estimating manpower requirements involves knowing how many persons are needed and also of what type. • . • Understanding the manpower requirements would necessitate workload analysis and workforce analysis, which reveal whether we are understaffed, overstaffed or optimally staffed. (ii) Selection • Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. • The purpose of selection process is to ensure that the organization gets the best among the available and enhances the self-esteem and prestige of those selected. (iii) Placement and Orientation • Placement refers to the employee occupying the position or post for which the person has been selected. • Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.	2 + 2 + 2 = 6 marks

	OR Q (b) Explain the following non - financial incentives: (i) Status (ii) Organisational climate (iii) Job security Ans. (i) Status: - It means ranking of positions in the organisation. The authority, responsibility, rewards, recognition etc. of a job indicate the status given to a person holding a managerial position. - Psychological, social and esteem needs of an individual are satisfied by status given to their job. (ii) Organisational climate: - It indicates the characteristics which describe an organisation and distinguish one organisation from the other. - Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate. (iii) Job security - Employees want stability about future income and work so that they do not feel worried on these aspects and work with greater zeal. - This becomes more important where there are inadequate job opportunities and too many aspirants for these.	OR 2 + 2 + 2 = 6 marks
33	Q Ria ran a small online bakery business. Her business was doing very well. She saved a good amount of money every month and now wanted to invest it wisely. She was in a dilemma to keep her savings in a bank account or to invest it in the stock market. Her friend Aabha, who had done a certification course from National Stock Exchange, encouraged her to invest in the stock market. She explained to Ria that if she invests in the stock market, she could disinvest and reinvest whenever she wanted, which would provide her good liquidity. Aabha also told her that the membership of stock exchange is well regulated and all trading takes place within the legal framework. As a result, investors get a fair and safe deal. Ria was still apprehensive as she had heard that there is a lot of speculation in the stock market. She wanted to be cautious. Aabha clarified that speculation does exist, but it happens in a restricted and controlled	

	way. She also told Ria that the stock exchange is keen to promote wider share ownership and does so by educating public about investments etc. As a result, young people have started investing in the stock market. After all this discussion, Ria felt confident and decided to invest a part of her savings in the stock market. Quoting lines, identify and explain the four functions of stock exchange highlighted in the above case. Ans. Four functions of stock exchange in the above case are as follows: 1. <i>“She explained to Ria that if she invests in the stock market, she could disinvest and reinvest whenever she wanted, which would provide her good liquidity.”</i> Providing liquidity and marketability to existing securities: The basic function of a stock exchange is the creation of a continuous market where securities are bought and sold which provide liquidity and marketability. 2. <i>“Aabha also told her that the membership of stock exchange is well regulated and all trading takes place within the legal framework. As a result, investors get a fair and safe deal.”</i> Safety of transactions The membership of a stock exchange is well- regulated and its dealings are well defined according to the existing legal framework, which ensures that the investing public gets a safe and fair deal on the market. 3. <i>“Aabha clarified that speculation does exist, but it happens in a restricted and controlled way”</i> Providing scope for speculation The stock exchange provides sufficient scope within the provisions of law for speculative activity in a restricted and controlled manner. 4. <i>“She also told Ria that the stock exchange is keen to promote wider share ownership and does so by educating the public about</i>	(½ mark for quoting + ½ mark for identification + ½ mark for explanation)
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	<i>investments etc. As a result, young people have started investing in the stock market”</i> Spreading of equity cult The stock exchange can play a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.	1 ½ x 4 = 6 Marks
34	Q (a) Explain the following elements of Marketing Mix: (i) Product (ii) Price (iii) Promotion Ans. (i) Product: • Product means goods or services or anything of value which is offered to the market for sale. It also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts. • The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products. (ii) Price: • Price is the amount of money customers have to pay to obtain the product. Generally, the level of price affects the level of demand. • It involves determining objectives of price setting and analysis of factors affecting price to make decisions regarding the basic price of the product, discount to customers, traders, credit terms etc. (iii) Promotion: • Promotion of products and services include activities that communicate information (availability, features, merits) of the products and services to the target customers and persuading them to buy it. • Most marketing organisations undertake various promotional activities and spend substantial amounts of money on the promotion of their goods by using a number of tools such as advertising, personal selling, public relations and sales promotion techniques. OR	2 + 2 + 2 = 6 marks OR

	Q (b) Explain the following components of physical distribution: (i) Order Processing (ii) Warehousing (iii) Inventory Control Ans. (i) Order Processing • 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 would reach the customers late or in wrong quantity or specifications leading to customer dissatisfaction. (ii) Warehousing • Warehousing refers to the act of storing and assorting products in order to create time utility in them and its basic purpose is to arrange placement of goods and provide facilities to store them. • The need for warehousing arises because there may be difference between the time a product is produced and the time it is required for consumption. (iii) Inventory Control • An important decision in relation to inventory is deciding about the level of inventory. Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because lot of capital would be tied up in the stock. Thus, a balance is to be maintained in respect of the cost and customer satisfaction. • The decision regarding level of inventory involves prediction about the demand for the product. A correct estimate of the demand helps to hold inventory and cost level down to a minimum.	2 + 2 + 2 = 6 Marks
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