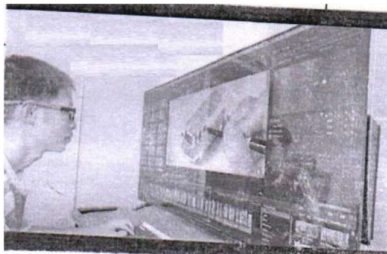


66/5/1	SOLUTIONS BUSINESS STUDIES (054)- 66/5/2 [Paper Code — 66/5/2]	
Q. No.	EXPECTED ANSWER/ VALUE POINTS	MARKS
1	Q. ‘Deccan Motors Ltd.’ is a renowned name in the automobile sector in India. It deals in both commercial vehicles like bus, truck and lorries, as well as passenger vehicles like cars, scooters, etc. It presently has a functional organisational structure. The Board of Directors have now decided to shift to divisional structure, with separate divisions for commercial vehicles and passenger vehicles. Identify the benefit the company will get as a result of shifting to divisional structure: (A) It will promote flexibility and initiative because each division will function as an autonomous unit. (B) It will lead to minimal duplication of effort, which will result in economies of scale. (C) It will make training of employees easier as the focus will be on limited range of skills. (D) It will lead to occupational specialisation since emphasis will be placed on specific functions. Ans. (A) It will promote flexibility and initiative because each division will function as an autonomous unit.	1 mark
2	Q. Identify the shift in the marketing management philosophy from Picture I to Picture II.  Mass Production of Televisions Monitor Picture I  Use of Television as a Computer Picture II (A) From Production concept to Product concept (B) From Production concept to Societal marketing concept (C) From Societal marketing concept to Production concept (D) From Product concept to Production concept Ans. (A) From Production concept to Product concept <i>Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 2.</i> The process of giving a name or a sign or a symbol etc., to a product is known as:	1 mark

	(A) Brand (B) Branding (C) Labelling (D) Packaging Ans. (B) Branding	
3	Q. Which of the following is <i>not</i> a factor affecting capital structure of a company? (A) Cash flow position (B) Return on investment (C) Financing alternatives (D) Stock market conditions Ans. (C) Financing alternatives	1 mark
4	Q. Which of the following statements is <i>incorrect</i> with reference to Maslow's Need Hierarchy Theory of motivation? (A) People's behaviour is based on their needs. (B) People's needs are in hierarchical order, starting from basic needs to other higher-level needs. (C) Only a satisfied need can motivate a person. (D) A person moves to the next higher level of the hierarchy only when the lower need is satisfied. Ans. (C) Only a satisfied need can motivate a person	1 mark
5	Q. 'Renew Ltd.' was the pioneer in the Electric Vehicles segment and presently has 70% market share. Keeping in mind the rapidly increasing demand for Electric Vehicles due to the rising environment consciousness among people and lower operating costs, the company set a target to increase its market share to 80% in the current year. However, the incentives provided by the government to encourage manufacturing of Electric Vehicles attracted many new players in the market. As this change in the business environment happened suddenly, the company was not able to accurately assess future trends. As a result, the market share of 'Renew Ltd.' fell from 70% to 55% in the current year. Which limitation of planning has been discussed in the above case? (A) Planning may not work in a dynamic environment (B) Planning leads to rigidity (C) Planning does not guarantee success (D) Planning involves huge costs Ans. (A) Planning may not work in a dynamic environment	1 mark
6	Q. "The application of principles of management is dependent upon the prevailing situation at a particular point of time." This statement highlights which of the following features of principles of management? (A) General guidelines (B) Flexible (C) Mainly behavioural (D) Contingent Ans. (D) Contingent	1 mark

7	Q. One of the factors affecting price determination of a product is 'Pricing Objectives'. Which of the following pricing objectives will result in a higher price being fixed for the product? (A) Obtaining market share leadership (B) Surviving in a competitive market (C) Attaining product quality leadership (D) Profit maximisation in the long run Ans. (C) Attaining product quality leadership	1 mark
8	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): General forces such as social, political, legal and technological conditions affect an individual firm only indirectly. Reason (R): General forces have an impact on all business enterprises, in contrast to, specific forces that affect individual firms directly and immediately in their day-to-day working. Choose the correct alternative from the following: (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 <i>not</i> the correct explanation of Assertion (A). (C) Both Assertion (A) and Reason (R) are incorrect. (D) Assertion (A) is correct, but Reason (R) is incorrect. Ans. (A) Both assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1 mark
9	Q. 'Tangy Beverages Ltd.' was known for its popular tangy fruit drinks. It had recently introduced a new range of fruit drinks that became an instant hit among consumers and led to a significant increase in the company's profits. As a result, the Board of Directors wanted to declare a higher dividend for the year. The Chief Finance Officer suggested that they should evaluate the impact of dividend on the share price of previous years before taking a decision. An analysis was done, which showed how the company's share price had risen in previous years whenever the dividend was increased. On the other hand, even a small decrease in dividend had led to a noticeable dip in the share price. Which of the following factors affecting dividend decision was suggested by the Chief Finance Officer to the Board of Directors in the above case? (A) Access to capital market (B) Stock market reaction (C) Shareholders preference (D) Cash flow position Ans. (B) Stock market reaction	1 mark
10	Q. The top management of a smartphone manufacturing company recently observed that the government has ordered new safety	

	standards for batteries used in smartphones to prevent overheating. It also noticed that the government announced a reduction in import duties on components used in mobile phones. The dimensions of business environment highlighted in the above case are: (A) Technological and legal environments (B) Political and technological environments (C) Legal and social environments (D) Political and legal environments Ans. (D) Political and legal environments	1 mark
11	Q. Answerability for outcome of the assigned task is known as _____. (A) Authority (B) Responsibility (C) Accountability (D) Delegation Ans. (C) Accountability	1 mark
12	Q. Read the following statements carefully: <i>Statement I:</i> In democratic leadership style, the followers are given a high degree of independence to formulate their own objectives and ways to achieve them. <i>Statement II:</i> In autocratic leadership style, communication is only one-way, with the subordinates only acting according to the command given by their managers. In the light of the given statements, choose the correct alternative from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false. Ans. (B) Statement I is false and Statement II is true	1 mark
13	Q. Which of the following will require higher working capital? (A) Trading organisations (B) Short processing cycles (C) High level of competition (D) Strict credit policy towards debtors Ans. (C) High level of competition	1 mark
14	Q. The step of the staffing process in which an employee's current and/or past performance is evaluated against certain pre-determined standards is: (A) Placement and orientation (B) Performance appraisal (C) Promotion and career planning (D) Recruitment Ans. (B) Performance appraisal	1 mark
15	Q. The purpose of opening a Demat Account with a Depository Participant (DP) is:	

	(A) For holding and transferring securities in the Demat form (B) For entering into an agreement with broker (C) For making payment to stock exchange for any purchase of securities (D) For enabling cash transactions in the securities market Ans. (A) For holding and transferring securities in the Demat form	1 mark										
16	Q. Match the type of plan given in Column-I with its meaning in Column-II : <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>a. Policy</td><td>(i) Prescribed way or manner in which a task has to be performed considering the objective.</td></tr><tr><td>b. Programme</td><td>(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.</td></tr><tr><td>c. Method</td><td>(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.</td></tr><tr><td>d. Strategy</td><td>(iv) A general statement that guides thinking or channelises energies towards a particular direction.</td></tr></table> Choose the correct alternative from the following: (A) a-(ii), b-(iv), c-(i), d-(iii) (B) a-(iv), b-(ii), c-(i), d-(iii) (C) a-(iv), b-(ii), c-(iii), d-(i) (D) a-(iv), b-(i), c-(ii), d-(iii) Ans. (B) a-(iv), b-(ii), c-(i), d-(iii)	Column-I	Column-II	a. Policy	(i) Prescribed way or manner in which a task has to be performed considering the objective.	b. Programme	(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.	c. Method	(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.	d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.	1 mark
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17	Q. A leading newspaper company noticed that many of its talented editors were resigning despite being paid competitive salaries. On conducting an internal survey, it was revealed that employees were dissatisfied as they were not being offered benefits over and above the salary, like the employees of other competitive firms. Realising that such additional benefits play an important role in motivating employees, the management decided to provide car allowance, housing facilities, medical benefits, etc. to retain employees in the organisation and improve their satisfaction. Identify the incentive that the newspaper company decided to provide to their employees: (A) Bonus (B) Retirement benefits (C) Perquisites (D) Profit sharing Ans. (C) Perquisites	1 mark										

18	Q. Read the following statements carefully: Statement I: The entry to a profession is not restricted either through an examination or through acquiring an educational degree. Statement II: There is no restriction on anyone being designated or appointed as a manager in any business enterprise irrespective of the educational qualifications possessed. In the light of the given statements, choose the correct alternative from the following: (A) Statement I is true and Statement II is false. (B) Statement I is false and Statement II is true. (C) Both Statement I and Statement II are true. (D) Both Statement I and Statement II are false. Ans. (B) Statement I is false and Statement II is true.	1 mark
19	Q. Read the following statements: Assertion (A) and Reason (R). Assertion (A): The investing public gets a safe and fair deal on the stock market. Reason (R): The membership of stock exchange is well regulated and its dealings are well defined according to the existing legal framework. Choose the correct alternative from the following: (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 <i>not</i> the correct explanation of Assertion (A). (C) Both Assertion (A) and Reason (R) are incorrect. (D) Assertion (A) is correct, but Reason (R) is incorrect. Ans. (A) Both assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1 mark
20	Q. A software company wants to expand its business. For this, it requires a large number of fresh graduates with innovative ideas in the field of Artificial Intelligence and Data Analytics. The existing staff members do not possess these specialized skills, so a notice was put up at the reception of the office asking the present employees to introduce any friend or relative who could possibly be possessing the required skills for the jobs. The source of recruitment that has been used by the software company is: (A) Direct Recruitment (B) Recommendation of employees (C) Transfer (D) Promotion Ans. (B) Recommendation of employees	1 mark

21	Q. ‘DF Telecom Ltd.’, which produces a range of mobile phones for the Indian market, set a target to produce 30,000 units of mobile phones in the month of December 2025. This was the benchmark against which actual performance would be measured. At the end of the month, it was found that only 27,000 units were produced. Concerned with the shortfall, the General Manager asked the Production Manager to find out and resolve the problem. State the steps related to the process of one of the functions of management which the Production Manager has to take to find out and resolve the problem. Ans. <u>The steps related to the process of Controlling function which the production manager has to take to find out and resolve the problem:</u> (i) Analysing Deviations which involves using ‘management by exception’ to determine the acceptable range of deviations and ‘Critical Point Control’ to attend to the deviations in key areas of business more urgently than in insignificant areas and analysing their causes. (ii) Taking corrective action when the deviations go beyond the acceptable range, especially in the important areas, so that deviations do not occur again and standards are accomplished. (If an examinee has only listed the points, ½ mark for each point should be awarded)	1 ½ 1½ = 3 marks
22	Q. ‘Premier Ltd.’ is a clothing company known for its high quality apparel and strong commitment to environment sustainability. The company designs its clothing after carefully understanding the needs of its present and prospective buyers and satisfying them in an effective manner. It assumes that profit can be maximised only when all decisions are taken from the point of view of customer satisfaction. Along with meeting customer needs, ‘Premier Ltd.’ also shows a deep concern for the long-term well-being of the society. To reduce environmental pollution, the company is using organic cotton and recycled polyester. For reducing waste, they run a programme where customers can return old clothes for recycling and get a discount on new clothes. Not only this, they keep aside a portion of its profits for environmental education programmes in local schools. Identify and explain two marketing management philosophies followed by ‘Premier Ltd.’. Ans. <u>Marketing Management Philosophies followed by ‘Premier Ltd.’:</u> (i) Marketing Concept The marketing concept implies that an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way	(½ mark for identification + 1 mark for explanation)

	in the long run. (ii) Societal Marketing Concept The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long term well-being of the consumers and the society is taken care of.	= $1\frac{1}{2} \times 2$ = 3 marks
23	Q. (a) State any three points of importance of Financial Planning. Ans. Importance of Financial Planning: (Any THREE) - It helps in forecasting what may happen in future under different business situations to enable the firms to face the eventual situation in a better way. - It helps in avoiding business shocks and surprises and helps the company in preparing for the future. - It helps in co-ordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures. - Detailed plans of action prepared under financial planning reduce waste, duplication of efforts and gaps in planning. - It tries to link the present with the future. - It provides a link between investment and financing decisions on a continuous basis. - By spelling out detailed objectives for various business segments, it makes the evaluation of actual performance easier. OR Q. (b) State any three factors that determine the requirement of fixed capital of a company. Ans. Factors affecting Requirement of Fixed Capital: (Any THREE) Nature of business as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation. Scale of operation as a large organisation operating at a higher scale needs higher investment in fixed assets as compared to a small organisation. - The choice of technique is a factor affecting requirement of fixed capital as a capital- intensive organisation requires higher investment in plant, whereas a labour-intensive organisation requires less investment in fixed assets.	1 x 3 = 3 marks OR

	(iv) Higher investment in fixed assets may be required in certain industries where assets become obsolete sooner and need to be replaced faster due to technology upgradation. (v) Higher growth of an organisation generally requires higher investment in fixed assets, consequently larger fixed capital. (vi) With diversification, fixed capital requirement increases as more investment is to be made in fixed assets. (vii) The financing alternatives 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) Collaboration reduces the level of investment in fixed assets as organisations share each other's facilities. (If an examinee has only listed the points, ½ mark for each point should be awarded)	= 1 x 3 = 3 marks														
24	Q. (a) State any three points of differences between 'Primary Market' and 'Secondary Market'. Ans. Difference between 'Primary Market' and 'Secondary Market': (Any THREE) <table><tr><th>PRIMARY MARKET</th><th>SECONDARY MARKET</th></tr><tr><td>(i) Primary market deals with issue of new securities.</td><td>Secondary market deals with sale and purchase of existing securities only.</td></tr><tr><td>(ii) The company sells securities either directly to the investors or through an intermediary</td><td>The ownership of existing securities is exchanged between investors without involvement of company.</td></tr><tr><td>(iii) It promotes capital formation directly as funds flow directly from savers to investors.</td><td>It promotes capital formation indirectly by enhancing encashability (liquidity).</td></tr><tr><td>(iv) Only buying of securities takes place in the primary market.</td><td>Both buying and selling of securities takes place in the secondary market.</td></tr><tr><td>(v) Price is determined by the management of company.</td><td>Price is determined by demand and supply of the securities.</td></tr><tr><td>(vi) There is no fixed geographical location.</td><td>It is located at a specified place.</td></tr></table>	PRIMARY MARKET	SECONDARY MARKET	(i) Primary market deals with issue of new securities.	Secondary market deals with sale and purchase of existing securities only.	(ii) The company sells securities either directly to the investors or through an intermediary	The ownership of existing securities is exchanged between investors without involvement of company.	(iii) It promotes capital formation directly as funds flow directly from savers to investors.	It promotes capital formation indirectly by enhancing encashability (liquidity).	(iv) Only buying of securities takes place in the primary market.	Both buying and selling of securities takes place in the secondary market.	(v) Price is determined by the management of company.	Price is determined by demand and supply of the securities.	(vi) There is no fixed geographical location.	It is located at a specified place.	1 x 3 = 3 marks
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	OR Q. (b) State any three objectives of Securities and Exchange Board of India. Ans. Objectives of Securities and Exchange Board of India: (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. Explain the following points of importance of principles of management: (i) Scientific decisions (ii) Providing managers with useful insights into reality Ans. (i) Scientific decisions • Management principles help in thoughtful decision-making as they emphasise logic rather than blind faith. • Management decisions taken on the basis of principles are free from bias and prejudice as they are based on the objective assessment of the situation. (ii) Providing managers with useful insights into reality • Adherence to principles of management adds to the knowledge of managers, ability and understanding of managerial situations and circumstances. • They will also enable managers to learn from past mistakes and conserve time by solving recurring problems quickly and help to increase managerial efficiency. OR Q. (b) Explain the following techniques of Scientific Management: (i) Differential piece wage system (ii) Time study	2 + 2 = 4 marks OR

	Ans. (i) Differential piece wage system - Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency. - In this plan, there are different rates of wage payment- higher for those who performed standard output or more and lower for those who perform below the standard output. The difference in the wage payment motivates the inefficient workers to perform better. (ii) Time study - Time study is a technique which determines standard time required to perform a well-defined job. Time measuring devices are used for this. - The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs.	2 + 2 = 4 marks
26	Q (a) State any four characteristics of management. Ans. <u>Characteristics of management:</u> (Any FOUR) - Management is a goal-oriented process as it unites the efforts of different individuals in the organisation towards achieving these goals. - Management is all pervasive as the activities involved in managing an enterprise are common to all organisations whether economic, social or political. - Management is multidimensional as it has three main dimensions- management of work, management of people and management of operations. - Management is a continuous process as it is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling). - Management is a group activity as it requires team work and coordination of individual effort in a common direction. - Management is a dynamic function as it has to adapt itself to the changing environment. - Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. OR Q. (b) State any four functions performed by top level managers. Ans. <u>Functions performed by top level managers:</u> (Any FOUR) - Top level managers integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation. - They are responsible for the welfare and survival of the organisation.	1 x 4 = 4marks OR

	(iii) They analyse the business environment and its implications for the survival of the firm. (iv) They formulate overall organisational goals and strategies for their achievement. (v) They are responsible for all the activities of the business and for its impact on society.	1 x 4 = 4 marks
27	Q. The students of class 11 of 'AL Public School' decided to host a farewell party to students of class 12. A core team was formed that brainstormed and identified various activities that needed to be performed for the same. It was decided that the arrangements for refreshments, sound and music, tentage, gifts, invitations and cultural programme are required to be made. The students then divided the work into manageable activities so that duplication is avoided and burden of work is shared. The students were excited that they were managing the whole event themselves. (i) The students of class 11 have performed one of the steps in the process of organising. Identify the step. (ii) State the next three steps that the students need to perform to complete the process of organising successfully. Ans. (i) The step in the process of organizing that has been performed by the students of class 11 is 'Identification and Division of Work'. (ii) <u>Next three steps that the students need to perform to complete the process of organizing successfully:</u> (a) Departmentalization involves grouping together those activities which are similar in nature to form departments to facilitate specialisation. (b) Assignment of duties involves allocation of jobs to the members of each department (job positions) in accordance to their skills and competencies. (c) Establishment of authority-responsibility relationships so that each individual knows who he has to take orders from and to whom he is accountable. (If an examinee has only listed the points, ½ mark for each point should be awarded)	1 + 1 x 3 = 4 Marks
28	Q. 'Ratan Ltd.' and 'Lara Ltd.' are two companies with each having a capital employed of ₹ 20,00,000. 'Ratan Ltd.' had raised funds by issuing shares whereas 'Lara Ltd.'s' capital has 60% equity (in shares of ₹ 100 each) and 40% debt (comprising of 8% debentures). Both the companies have a Return on Investment of 10% and the tax rate is 40%. State with reason which company will be able to give a better return to the shareholders. Show your calculations clearly. Ans.	

	Workings: <table> <tr> <th>Details</th><th>Ratan Ltd. (₹)</th><th>Lara Ltd. (₹)</th></tr> <tr> <td>Share Capital (of ₹100 each)</td><td>20,00,000</td><td>12,00,000</td></tr> <tr> <td>8% Debentures</td><td>-</td><td>8,00,000</td></tr> <tr> <td>Capital Employed</td><td>20,00,000</td><td>20,00,000</td></tr> </table> <table> <tr> <th>Details</th><th>Ratan Ltd. (₹)</th><th>Lara Ltd. (₹)</th></tr> <tr> <td>Earnings Before Interest and Tax</td><td>2,00,000</td><td>2,00,000</td></tr> <tr> <td>Less: Interest @ 8% p.a.</td><td>-</td><td>(64,000)</td></tr> <tr> <td>Earnings Before Tax</td><td>2,00,000</td><td>1,36,000</td></tr> <tr> <td>Less: Tax @ 40%</td><td>(80,000)</td><td>(54,400)</td></tr> <tr> <td>Earnings After Tax</td><td>1,20,000</td><td>81,600</td></tr> <tr> <td>Earnings Per Share = $\frac{\text{Earnings After Tax}}{\text{No. of shares}}$</td><td>$= \frac{1,20,000}{20,000} = 6$</td><td>$= \frac{81,600}{12,000} = 6.8$</td></tr> </table> Lara Ltd. will be able to give better returns to the shareholders. Reason: Due to presence of debt in capital structure and Return On Investment being higher than the cost of debt, Lara Ltd. will be able to give higher returns to its shareholders.	Details	Ratan Ltd. (₹)	Lara Ltd. (₹)	Share Capital (of ₹100 each)	20,00,000	12,00,000	8% Debentures	-	8,00,000	Capital Employed	20,00,000	20,00,000	Details	Ratan Ltd. (₹)	Lara Ltd. (₹)	Earnings Before Interest and Tax	2,00,000	2,00,000	Less: Interest @ 8% p.a.	-	(64,000)	Earnings Before Tax	2,00,000	1,36,000	Less: Tax @ 40%	(80,000)	(54,400)	Earnings After Tax	1,20,000	81,600	Earnings Per Share = $\frac{\text{Earnings After Tax}}{\text{No. of shares}}$	$= \frac{1,20,000}{20,000} = 6$	$= \frac{81,600}{12,000} = 6.8$	3 $\frac{1}{2}$ $\frac{1}{2}$ = 4 marks
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29	Q. Rishabh purchased a car for ₹ 8,00,000. He insured the car on the same day from Alex Insurance Company. Rishabh's car was stolen in Kedwan while he was on vacation with his family. He promptly filed a First Information Report (FIR), informed the insurer and submitted all the required documents. To Rishabh's shock, the insurance company rejected his claim, alleging he had failed to take due care and had parked the car in an unsafe manner. Determined to challenge this, Rishabh wrote multiple letters to the insurance company, but the insurance company refused to pay the compensation. Rishabh filed a case with District Commission. The District Commission was satisfied with the genuineness of the complaint and ordered the insurance company to pay a reasonable amount. Identify and explain two consumer rights which have been exercised by Rishabh. Ans. <u>Consumer Rights which have been exercised by Rishabh:</u> (i) Right to be heard • In case of dissatisfaction with a good or a service, the consumer has a right to file a complaint and to be heard • It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. (ii) Right to seek redressal	(1 mark for identification + 1 mark for explanation)																																	

	• In case the product or service falls short of his expectations, the consumer has a right to get relief. • The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect, compensation paid for any loss or injury suffered by consumer, etc.	= 2 x 2 = 4 marks
30	Q. Hitesh started a garment manufacturing company recently. However, he soon began facing several problems like targets not met, conflicts among managers, high labour turnover, etc. He hired a management consultant to find out what was going wrong. The consultant conducted investigations and gave the following observations: (i) In Production Department, workers were receiving instructions from both, the Production Manager and the Marketing Manager. As a result, there was a lot of confusion regarding tasks to be done. (ii) Promotions were given only to women employees. Other employees did not get equal opportunities in the company to rise. Identify and explain the two principles of management given by Fayol which are not being followed in Hitesh's company. <u>Ans. Two principles of management given by Fayol which are not being followed in Hitesh's company:</u> (i) Unity of Command • The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior. • It prevents confusion regarding tasks to be done. (ii) Equity • This principle advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality, etc. • It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion.	(½ mark for identification + 1½ mark for explanation) = 2 x 2 = 4 marks
31	Q. 'Yummi Foods', a fast-growing snacks chain has been in business for the last 13 years. Realising that there is a growing demand for nutritious food, the company planned to enter the healthy snacks segment. They decided to hire a Marketing Manager with an experience in this segment. For this, they gave an advertisement in a leading newspaper and received more than 200 applications. The Human Resource Manager carefully went through all the application forms and removed the application forms of those applicants who did not meet the basic qualifications. Short introductory interactions were also held to filter out candidates who did not match the job requirements. The shortlisted candidates were then asked to take a test designed to measure their intelligence, personality traits, etc. Candidates who performed well in the test were	

	invited for a formal in-depth conversation to be evaluated on their suitability for the job. A job offer was made to a candidate for the role of a Marketing Manager through an appointment letter mentioning the joining date. But before the job offer was made, 'Yummi Foods' had performed three steps in the process of selection which are not mentioned above. Identify and explain the steps. Ans. Steps in the process of selection performed by 'Yummi foods': (i) Reference and Background Checks: - Employers request names, addresses, and telephone numbers of references for the purpose of verifying information and gaining additional information of an applicant. - References may include previous employers, known persons, teachers and university professors, etc. (ii) Selection Decision: - The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. - The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee. (iii) Medical Examination: - After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. - The job offer is given to the candidate being declared fit after the medical examination.	(½ mark for identification + 1 ½ mark for explanation) = 2 x 3 = 6 marks
32	Q. (a) Explain any four non-financial incentives. Ans. <u>Non-financial incentives: (Any FOUR)</u> (i) Status - Status means ranking of positions in the organisation. The authority, responsibility, rewards, recognition, perquisites and prestige of 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: - Organisational climate indicates the characteristics which describe an organisation and distinguish one organisation from the other, like, individual autonomy, reward orientation, consideration to employees.	(½ mark for naming + 1 mark for explanation)

	• These characteristics influence the behaviour of individuals in the organisation and if managers take positive measures regarding these aspects, it helps to develop better organisational climate. (iii) Career Advancement Opportunity: • Managers should provide opportunity to employees to improve their skills and be promoted to the higher level jobs. • Appropriate skill development programmes, and sound promotion policy will help employees to achieve promotions. Promotion encourages employees to exhibit improved performance. (iv) Job Enrichment: • Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide the opportunity for personal growth and a meaningful work experience. • If jobs are enriched and made interesting, the job itself becomes a source of motivation to the individual. (v) Employee Recognition programmes: • Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at a higher level. • Examples of employee recognition are congratulating the employee for good performance, displaying on the notice board or in the company news letter about the achievement of an employee, installing award or certificate for best performance, distributing mementos, etc. (vi) Job security: • Employees want their jobs to be secure. They want certain stability about future income and work so that they do not feel worried about these aspects and work with greater zeal. • However, when people feel that they are likely to lose their jobs, they may become complacent. (vii) Employee participation: • It means involving employees in decision making of the issues related to them. • It may be in the form of participation in joint management committees, work committees, canteen committees etc., (viii) Employee Empowerment:	= 1 ½ x 4
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	• Empowerment means giving more autonomy and powers to subordinates. • Empowerment makes people feel that their jobs are important. This feeling contributes positively to the use of skills and talents in the job performance. OR Q. (b) Explain any four semantic barriers of communication. Ans. <u>Semantic barriers of communication:</u> (Any FOUR) (i) Badly expressed message: • Sometimes, the intended meaning may not be conveyed by a manager to his subordinates. • These may be on account of inadequate vocabulary, usage of wrong words, omission of needed words, etc. (ii) Symbols with different meanings: • A word may have several meanings. • The receiver has to perceive one such meaning for the word used by the communicator, wrong perception may lead to communication problems. (iii) Faulty translations: • Sometimes the communication originally drafted in one language needs to be translated to the language understandable to workers. • If the translator is not proficient in both languages, mistakes may creep in causing different meanings to the communication. (iv) Unclear assumptions: • Some communications may have certain assumptions which are subject to different interpretations. • These unclear assumptions act as a communication barrier. (v) Technical jargon: • It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field. • In such cases, they may not understand the actual meaning of many such words. (vi) Body language and gesture decoding: • Every movement of the body communicates some meaning. The body movement and gestures of the communicator matter so much in conveying the message.	= 6 marks OR (½ mark for naming + 1 mark for explanation) = 1 ½ x 4
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	If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived.	= 6 marks
33	Q. ‘Novel Stores’ is a chain of grocery stores that has built its reputation on customer satisfaction. It is known for its high-quality products, including a wide variety of bakery, dairy products and ready-to-cook meal kits, etc. catering to diverse customer needs. The store regularly takes feedback from the customers and stocks items accordingly. The store is popular among the customers for its attractive schemes such as ‘buy one get one free’ offers and weekly discounts, etc. which are advertised on its website. Once the goods are manufactured, packaged, branded and promoted, ‘Novel Stores’ ensures that they are made available to customers at the right place, in the right quantity and at the right time. Customers can place orders online and choose to get them delivered at their home or pick them up from the store at a selected time. As a result, the revenues of ‘Novel Stores’ are growing every year and profits are increasing. Identify and explain the elements of marketing mix highlighted in the above case. Ans. <u>Elements of marketing mix:</u> <u>(i) Product</u> - 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. <u>(ii) Promotion</u> - Promotion of products and services include activities that communicate information (availability, features, merits) of the products to the target customers and persuade them to buy it. - 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. <u>(iii) Place</u> - Place or Physical Distribution include activities that make the firm's products available to the target customers. - Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.	(½ mark for identification + 1½ mark for explanation) = 2 x 3 = 6 Marks
34	Q. (a) Explain the following features of planning function of management:	

	(i) Planning is a mental exercise (ii) Planning involves decision making (iii) Planning is futuristic Ans. Features of planning function of management: (i) Planning is a mental exercise • Planning requires application of the mind involving foresight, intelligent imagination and sound judgment. • It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. (ii) Planning involves decision making • Planning essentially involves choice from among various alternatives and activities. • Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one. (iii) Planning is futuristic • Planning essentially involves looking ahead and preparing for the future. It is regarded as a forward looking function. • Through forecasting, future events and conditions are anticipated and plans are drawn accordingly. OR Q.(b) Explain the following points of importance of organizing: (i) Clarity in working relationships (ii) Optimum utilisation of resources (iii) Adaptation to change Ans. Importance of organizing: (i) Clarity in working relationships • The establishment of working relationships clarifies lines of communication and specifies who is to report to whom, leading to hierarchal order. • This removes ambiguity in transfer of information and instructions. (ii) Optimum utilisation of resources • Organising leads to the proper usage of all material, financial and human resources by avoiding overlapping of work.	2 2 2 = 6 marks OR 2 2
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	• Also, it helps in preventing confusion and minimising the wastage of resources and efforts by avoiding duplication of work. (iii) Adaptation to change • The process of organising allows a business enterprise to accommodate changes in the business environment by suitably modifying the organisation structure and revising the inter-relationships amongst managerial levels. • It also provides much needed stability to the enterprise as it can then continue to survive and grow inspite of changes.	2 = 6 marks
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