

**BUSINESS STUDIES (054)**

Class XII (2024-25)

**MARKING SCHEME**

<b>Q.NO.</b>	<b>ANSWER</b>	<b>MARKS</b>
1.	A. Management as science	1
2.	D. Assignment of duties	1
3.	C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.	1
4.	D. Statement II is true, Statement I is false	1
5.	A. Competitive spirit among the existing staff	1
6.	D. Economic and technological environment	1
7.	C. Buy only standardised products <b>For Visually Impaired Candidates:</b> C. Buy only standardised products	1 1
8.	D. Assertion (A) is false, Reason (R) is true	1
9.	C. Training and development, performance appraisal, promotion and career planning, compensation	1
10.	B. controlling helps in ensuring order and discipline	1
11.	D. Size of the assets, Profitability and competitiveness are not affected by capital budgeting decisions.	1
12.	D. More than ₹1 crore and not more than ₹10 crore	1
13.	A. (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv)	1
14.	C. Grading	1
15.	C. Induction training	1
16.	D. The provisions of the Consumer Protection Act came into force from 1981.	1
17.	C. Pricing decision	1
18.	D. (a), (c) and (e)	1
19.	A. Right to be informed	1
20.	A. Both the statements are true.	1
21. (A)	<b>Single Use plans-</b> A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future, i.e., they are for non-recurring situations. The duration of this plan may depend upon the type of the project. It may span a week or a month or a day. <b>Standing plans-</b> A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. Such a plan greatly enhances efficiency in routine decision-making. It is usually developed once but is modified from time to time to meet business needs as required.	1 ½ 1 ½
21. (B)	<b>OR</b> <b>Planning reduces creativity-</b> Planning is an activity which is done by the top management. Usually the rest of the members just implement these	1 ½

	<p>plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, planning in a way reduces creativity since people tend to think along the same lines as others.</p> <p><b>Planning leads to rigidity</b>-In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest.</p>	1 ½
22. (A)	<p><b>Leadership</b> is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.</p> <p><b>Two situations in which Autocratic leadership is most effective:</b></p> <ul style="list-style-type: none"> <li>• This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and the supervisor has to ensure labour productivity.</li> <li>• Quick decision-making is facilitated.</li> </ul>	1 1 1
22. (B)	<p><b>Communication</b> is the process of exchange of information between two or more persons to reach common understanding.</p> <p><b>Meaning of formal communication:</b> Formal communication flows through official channels designed in the organisation chart.</p> <p><b>Meaning of Informal communication:</b> Communication that takes place without following the formal lines of communication is said to be informal communication.</p>	1 1 1
23.	<p><b>Calculation of Return on Investment (ROI)</b></p> $\text{ROI} = \frac{\text{Earnings before interest and tax}}{\text{Total investment}} \times 100$ $\text{ROI} = \frac{1500000}{3000000} \times 100$ $= 50\%$ <p><b>Calculation of Interest Coverage Ratio (ICR)</b></p> $\text{Interest coverage ratio} = \frac{\text{Earnings before interest and tax}}{\text{Interest}}$ $\text{ICR} = \frac{1500000}{120000}$ $= 12.5 \text{ times}$	½ ½ ½ ½ ½
24.	<p>(I) <b>Business Environment</b> means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.</p> <p>(II) <b>It enables the firm to identify opportunities and getting the first mover advantage:</b> Opportunities refer to the positive external trends or changes that will help a firm to improve its performance. Environment provides numerous opportunities for business success. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors</p>	1 ½ + 1 ½

25.	<p>(I) <b>Management is an intangible force:</b> Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.</p> <p>(II) Importance of management: (Any three)</p> <ul style="list-style-type: none"> <li>• <b>Management helps in achieving group goals:</b> Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.</li> <li>• <b>Management increases efficiency:</b> The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.</li> <li>• <b>Management creates a dynamic organisation:</b> All organisations have to function in an environment which is constantly changing. It is generally seen that individuals in an organisation resist change as it often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to these changes so that the organisation is able to maintain its competitive edge.</li> <li>• <b>Management helps in achieving personal objectives:</b> A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.</li> <li>• <b>Management helps in the development of society:</b> An organisation has multiple objectives to serve the purpose of the different groups that constitute it. In the process of fulfilling all these, management helps in the development of the organisation and through that it helps in the development of society.</li> </ul>	<p><math>\frac{1}{2} + \frac{1}{2}</math></p> <p>1 x 3</p>
26. (A)	<p>Selection tests (Any four):</p> <ul style="list-style-type: none"> <li>• <b>Intelligence Tests:</b> This is one of the important psychological tests used to measure the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgments.</li> <li>• <b>Aptitude Test:</b> It is a measure of an individual's potential for learning new skills. It indicates the person's capacity to develop.</li> <li>• <b>Personality Tests:</b> Personality tests provide clues to a person's emotions, her reactions, maturity and value system etc. These tests probe the overall personality. Hence, these are difficult to design and implement.</li> <li>• <b>Trade Test:</b> These tests measure the existing skills of the individual. They measure the level of knowledge and proficiency in the area of professions or technical training. The difference between aptitude test and trade test is that the former measures the potential to acquire skills and the later the actual skills possessed.</li> </ul>	1X4=4

26. (B)	<p>• <b>Interest Tests:</b> Every individual has a fascination for some job more than the other. Interest tests are used to know the pattern of interests or involvement of a person.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Benefit of training to workers:</b></p> <ul style="list-style-type: none"> <li>• Improved skills and knowledge due to training lead to better careers for the individual.</li> <li>• Increased performance by the individual helps him to earn more.</li> <li>• Training makes the employee more efficient to handle machines. Thus, less prone to accidents.</li> <li>• Training increases the satisfaction and morale of employees.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">1</p> <p style="text-align: right;">1</p> <p style="text-align: right;">1</p>
27.	<p>(I) <b>Esteem Needs</b></p> <p>(II)</p> <ul style="list-style-type: none"> <li>• <b>Employee Recognition programmes:</b> 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.</li> <li>• <b>Employee Participation:</b> It means involving employees in decision making of the issues related to them. In many companies, these programmes are in practice in the form of joint management committees, work committees, canteen committees etc.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;"><math>\frac{1}{2} + 1</math></p> <p style="text-align: right;"><math>\frac{1}{2} + 1</math></p>
28.(A)	<p>Plans are prepared for the future and are based on forecasts about future conditions. Therefore, <b>planning</b> involves looking ahead and is called a <b>forward-looking function</b>.</p> <p>On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, <b>controlling is a backward looking function</b>.</p> <p>However, planning is guided by past experiences and the corrective action initiated by the control function aims to improve future performance. Thus, <b>planning and controlling are both backward-looking as well as a forward-looking function</b>.</p> <p style="text-align: center;"><b>OR</b></p>	<p style="text-align: right;">4</p>
28.(B)	<ul style="list-style-type: none"> <li>• <b>Measurement of Actual Performance:</b> Once performance standards are set, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. These include personal observation, sample checking, performance reports.</li> <li>• <b>Comparing Actual Performance with Standards:</b> This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results. Comparison becomes easier when standards are set in quantitative terms.</li> </ul>	<p style="text-align: right;"><math>\frac{1}{2} + 1\frac{1}{2}</math></p> <p style="text-align: right;"><math>\frac{1}{2} + 1\frac{1}{2}</math></p>
29.	<p><b>Features of Planning</b></p> <p>(1) <b>Planning focuses on achieving objectives:</b> Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.</p>	<p style="text-align: right;">1</p>

	<p>(2) <b>Planning is futuristic:</b> Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward looking function based on forecasting.</p> <p>(3) <b>Planning involves decision making:</b> Planning essentially involves choice from among various alternatives and activities. The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives. Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.</p> <p>(4) <b>Planning is a mental exercise:</b> Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. However, planning requires logical and systematic thinking rather than guesswork or wishful thinking.</p>	<p>1</p> <p>1</p> <p>1</p>																								
30.	<p>Following are the differences between advertising and personal selling (any four):</p> <table border="1" data-bbox="292 756 1339 1877"> <thead> <tr> <th data-bbox="292 756 406 829">S.No.</th> <th data-bbox="406 756 917 829">Advertising</th> <th data-bbox="917 756 1339 829">Personal Selling</th> </tr> </thead> <tbody> <tr> <td data-bbox="292 829 406 976">1.</td> <td data-bbox="406 829 917 976">Advertising is an impersonal form of communication</td> <td data-bbox="917 829 1339 976">Personal selling is a personal form of communication.</td> </tr> <tr> <td data-bbox="292 976 406 1144">2.</td> <td data-bbox="406 976 917 1144">Advertising involves transmission of standardised messages, i.e., the same message is sent.</td> <td data-bbox="917 976 1339 1144">In personal selling, the sales talk is adjusted keeping view of the customer's background and needs.</td> </tr> <tr> <td data-bbox="292 1144 406 1291">3.</td> <td data-bbox="406 1144 917 1291">Advertising is inflexible as the message can't be adjusted to the needs of the buyer.</td> <td data-bbox="917 1144 1339 1291">Personal selling is highly flexible. as the message can be adjusted.</td> </tr> <tr> <td data-bbox="292 1291 406 1459">4.</td> <td data-bbox="406 1291 917 1459">It reaches masses, i.e., a large number of people can be approached.</td> <td data-bbox="917 1291 1339 1459">Only a limited number of people can be contacted because of time and cost considerations.</td> </tr> <tr> <td data-bbox="292 1459 406 1606">5.</td> <td data-bbox="406 1459 917 1606">In advertising the cost per person reached is very low.</td> <td data-bbox="917 1459 1339 1606">The cost per person is quite high in the case of personal selling.</td> </tr> <tr> <td data-bbox="292 1606 406 1753">6.</td> <td data-bbox="406 1606 917 1753">Advertising can cover the market in a short time.</td> <td data-bbox="917 1606 1339 1753">Personal selling efforts take a lot of time to cover the entire market.</td> </tr> <tr> <td data-bbox="292 1753 406 1877">7.</td> <td data-bbox="406 1753 917 1877">Advertising makes use of mass media such television, radio, newspaper, and magazines.</td> <td data-bbox="917 1753 1339 1877">Personal selling makes use of sales staff, which has limited reach.</td> </tr> </tbody> </table>	S.No.	Advertising	Personal Selling	1.	Advertising is an impersonal form of communication	Personal selling is a personal form of communication.	2.	Advertising involves transmission of standardised messages, i.e., the same message is sent.	In personal selling, the sales talk is adjusted keeping view of the customer's background and needs.	3.	Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. as the message can be adjusted.	4.	It reaches masses, i.e., a large number of people can be approached.	Only a limited number of people can be contacted because of time and cost considerations.	5.	In advertising the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.	6.	Advertising can cover the market in a short time.	Personal selling efforts take a lot of time to cover the entire market.	7.	Advertising makes use of mass media such television, radio, newspaper, and magazines.	Personal selling makes use of sales staff, which has limited reach.	1X4=4
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31.	<p>(I) Securities Exchange Board of India(SEBI)</p> <p>(II) <b>Objectives of SEBI are (Any three)</b></p> <ul style="list-style-type: none"> <li>• to regulate the stock exchanges and the security industry to promote their orderly functioning.</li> <li>• to protect the rights and interest of the investors, particularly individual investors to guide and educate them.</li> <li>• to prevent trading Malpractices and achieve a balance between self regulation by the security industries and its statutory regulation.</li> <li>• to regulate and develop a code of conduct and fair practices, by intermediaries like brokers, merchant brokers etc. with a view of making them competitive and professional.</li> </ul> <p>(III) <b>Developmental functions: (Any two)</b></p> <ul style="list-style-type: none"> <li>• Training of intermediaries of the securities market.</li> <li>• Conducting research and publishing information useful to all market participants.</li> <li>• Undertaking measures to develop the capital markets by adapting a flexible approach.</li> </ul>	<p>1</p> <p>1×3=3</p> <p>1x2=2</p>									
32. (A)	<p><b>Difference between Functional and Divisional structure</b></p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Functional Structure</th> <th>Divisional Structure</th> </tr> </thead> <tbody> <tr> <td>(I) Formation</td> <td>Formation is based on functions</td> <td>Formation is based on product lines and is supported by functions. Specialisation</td> </tr> <tr> <td>(II) Specialisation</td> <td>Functional specialisation.</td> <td>Product specialisation.</td> </tr> </tbody> </table>	Basis	Functional Structure	Divisional Structure	(I) Formation	Formation is based on functions	Formation is based on product lines and is supported by functions. Specialisation	(II) Specialisation	Functional specialisation.	Product specialisation.	1X6=6
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(III) Responsibility	Difficult to fix on a department.	Easy to fix responsibility for performance
(IV) Managerial Development	Difficult, as each functional manager has to report to the top management.	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development
(V) Cost	Functions are not duplicated hence economical.	Duplication of resources in various departments, hence costly.
(VI) Coordination	Difficult for a multiproduct company	Easy, because all functions related to a particular product are integrated in one department.

**OR**

32. (B)

**SIGNIFICANCE OF DELEGATION:**

- (i) Effective management: By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters.
- (ii) Employee development: As a result of delegation, employees get more opportunities to utilise their talent and this may give rise to latent abilities in them. It makes them better leaders and decision makers.
- (iii) Motivation of employees: Delegation helps in developing the talents of the employees. It also has psychological benefits. Responsibility for work build the self-esteem of an employee and improves his confidence.
- (iv) Facilitation of growth: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures.
- (v) Basis of management hierarchy: Delegation of authority establishes superior-subordinate relationships, which are the basis of hierarchy of management.
- (vi) Better coordination: The elements of delegation help to define the powers, duties and answerability related to the various positions in an organisation. This helps to avoid overlapping of duties and duplication of work.

1X6=6

33.

**Various techniques used by Leena to improve the performance of her employees:**

**Method Study**-The objective of method study is to find out one best way of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. Taylor devised the concept of assembly line by using method study. The objective is to minimise the cost of production and maximise the quality and satisfaction of the customer.

**Time Study**-It determines the standard time taken to perform a well-defined job. The standard time is fixed for the whole of the task by taking several

$\frac{1}{2} + 2 \frac{1}{2}$

$\frac{1}{2} + 2 \frac{1}{2}$

	readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs. The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs.	
34. (A)	<p><b>Following are the four elements of marketing mix:</b></p> <ol style="list-style-type: none"> <li>1. <b>PRODUCT:</b> Product means goods or services or 'anything of value', which is offered to the market for sale. The concept of product relates to not only the physical product but also the benefits offered by it from customer's view point. 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 etc. The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.</li> <li>2. <b>PRICE:</b> Price is the amount of money customers have to pay to obtain the product. In the case of most of the products, the level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products. Decisions have also to be taken in respect of discounts to customers, traders and credit terms, etc., so that customers perceive the price to be in line with the value of the product.</li> <li>3. <b>PLACE:</b> Place or Physical Distribution include activities that make a firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.). The other decision areas relate to managing inventory, storage and warehousing and transportation of the goods from the place it is produced to the place it is required by the buyers.</li> <li>4. <b>PROMOTION:</b> Promotion of products and services include activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it. Most marketing organisations use a number of tools such as advertising, personal selling and sales promotion techniques like price discounts, free coupons etc.</li> </ol>	<p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p>
34. (B)	<p style="text-align: center;"><b>OR</b></p> <p>Factors affecting price of a product: (any four)</p> <ol style="list-style-type: none"> <li>1. <b>Product Cost:</b> One of the most important factors affecting the price of a product or service is its cost. This includes the cost of producing, distributing and selling the product. The cost sets the minimum level or the floor price at which the product may be sold. In the long run, a firm cannot survive unless at least all its costs are covered. There are broadly three types of costs: viz Fixed Costs, Variable Costs and Semi Variable Costs.</li> <li>2. <b>The utility and demand:</b> While the product costs set the lower limits of the price, the utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid.</li> </ol>	<p><math>(\frac{1}{2} + 1) \times 4</math></p>

3. **Extent of competition in the market:** The price will tend to reach the upper limit in case there is lesser degree of competition while under conditions of free competition, the price will tend to be set at the lowest level.

4. **Government and legal regulations:** In order to protect the interest of public against unfair practices in the field of price fixing, Government can intervene and declare a product as essential product and regulate its price. In such a case, the Government does not allow the firms to charge such a high price and intervene to regulate the price of the product.

5. **Pricing objectives:** Apart from profit maximisation, the pricing objectives of a firm may include: (a) Obtaining Market Share Leadership: If a firm's objective is to obtain larger share of the market; it will keep the price of its products at lower levels so that greater number of people are attracted to purchase the products; (b) Surviving in a Competitive Market: If a firm is facing difficulties in surviving in the market because of intense competition or introduction of a more efficient substitute by a competitor, it may resort to discounting its products or running a promotion campaign to liquidate its stock; and (c) Attaining Product Quality Leadership: In this case, normally higher prices are charged to cover high quality and high cost of research and Development.

6. **Marketing Methods Used:** Price fixation process is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer services provided.