

MARKING SCHEME
CLASS XII
Post Mid Term (2025-26)
BUSINESS STUDIES (054)
SET B1 & B2

Time Allowed: 3 Hours

Max Marks :80

GENERAL INSTRUCTIONS

1. This marking scheme consists of 17 printed pages.
2. There are 34 questions in the question paper. All questions are compulsory.
3. This paper contains 20 questions of 1 mark each, 4 questions of 3 marks each ,6 questions of 4 marks each and 4 questions of 6 marks each.

B1	B2	ANSWER	MARKS
1	20	Read the following statements carefully: Statement I- The objective of financial management is to maximize the wealth of directors of the company. Statement II- The financing decision of the company is unaffected by the extent of retained earnings. In the light of 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 II is true; Statement I is false.	1
Ans.		(b) Both the statements are false.	
2.	1	Product cost sets the lower limits of the price, the utility provided by the product and the intensity of demand of the buyers sets the upper limit. So, in case of inelastic demand, total revenuewhen price increases. (a) Rises (b) Falls (c) Constant (d) Both (a) and (b)	1
Ans		(a) Rises	

3.	2	Assertion: Bureaucratic red tape shows a government's positive attitude towards business. Reason: The attitude of politicians is considered to be a part of political environment. Choose the correct option from the following: a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion b) Both Assertion and Reason are true but Reason is not the correct explanation of Assertion. c) Assertion is true but Reason is false d) Assertion is false but Reason is true	1
Ans.		d) Assertion is false but Reason is true	
4	3	Assertion (A): The societal marketing concept is the extension of the marketing concept. Reason (R): It not only seeks to find wants of consumers and fill them but also pays attention to the social, ethical and ecological aspects of marketing. Choose the correct option from the following: (a) Both the statements (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statements (A) and (R) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statements (A) and (R) are incorrect	1
Ans		(a) Both the statements (A) and (R) are correct and (R) is the right explanation of (A)	
5	4	Statement I: The depository participant serves as an intermediary between the investor and the depository. Statement II: A depository is like a custodian bank and keeps securities in electronic form on behalf of the investor. (a) Both the Statement I and Statement II are true (b) Both the Statement I and Statement II are false (c) Statement I is true but Statement II is false (d) Statement I is false but Statement II is true	1
Ans		(a) Both the Statement I and Statement II are true	
6	5	Project 'Nanhi Kali' run by Shivam and Sohan Ltd. was started in 2015 and is one of the largest programmes that enables underprivileged girls to complete 10 years of schooling. The project has impacted the lives of over 5 lakh girls from low-income group families across the country. The objective achieved by Shivam and Sohan Ltd. by doing so is: (a) Organizational objective (b) Social objective (c) Personal objective (d) Both (a) and (c)	1
Ans		(b) Social objective	

7	6	Read the following statements: Assertion (A) and Reason (R). Assertion (A): The dividend in growing companies is smaller than that in the non-growth companies. Reason (R): Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. Choose the correct alternative from the options 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, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true	1
Ans.		(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	
8	7	Assertion (A): Deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Reason (R): Deviation can be positive, when actual performance is better than the standard performance. Choose the correct option from the following: a) Both Assertion and Reason are true and Reason given is the correct explanation of Assertion b) Both Assertion and Reason are true but Reason given is not the correct explanation of Assertion. c) Assertion is true but Reason is false d) Assertion is false but Reason is true	1
Ans		b) Both Assertion and Reason are true but Reason given is not the correct explanation of Assertion.	
9	8	In advertising 'there is no direct face-to-face contact between the prospect and the advertiser'. The feature of advertising stated here is: (a) Paid form (b) Impersonality (c) Economical (d) Identified sponsor	1
Ans		(b) Impersonality	
10	9	'GEO Builders' were to complete a housing project by December 2024 and hand over the flats to the buyers. Due to excessive heat in the month of May and June 2024, the work slowed down and the project was getting delayed. The firm, in order to complete the project on time, hired more workers through a contractor and asked all the workers to work overtime. Due to the above measures taken by the management, the project was completed on time but the cost of building the flats increased by 10%. Identify the correct option. 'GEO Builders' were: (A) Efficient but not effective (B) Effective but not efficient (C) Neither effective nor efficient (D) Effective as well as efficient	1
Ans		(B) Effective but not efficient	

11	10	Read the following statements carefully: Statement- I Values are basic truths or guidelines for behaviour which are formed after research in work situations. Statement- II While practising Principles of Management, values cannot be neglected as business organisations have to fulfil social and ethical responsibility towards society. In the light of 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 II is true; Statement I is false	1								
Ans		d) Statement II is true; Statement I is false									
12	11	Which of the following is the function of Top level management? (A) They ensure that their department has the necessary personnel. (B) They interact with the actual work force and pass on instructions of the middle management to the workers. (C) They co-operate with other departments for smooth functioning of the organisation. (D) They analyse the business environment and its implications for the survival of the firm.	1								
Ans		(D) They analyse the business environment and its implications for the survival of the firm									
13	12	The picture given below depicts important information related to a decision that a marketer has to take in the area of product <table><tr><td>Manufacturing Date : 10/3/23</td><td>Organic Honey :</td><td>Quantity : 500 ml</td></tr><tr><td>Expiry Date : 10/3/25</td><td rowspan="2"></td><td>No added sugar 100% pure</td></tr><tr><td>Max. Retail Price : ₹ 500</td><td>Manufacturer : Organic Agro products ----- Uttarakhand</td></tr></table> Identify the correct option: (a) Branding (b) Labelling (c) Packaging (d) Grading	Manufacturing Date : 10/3/23	Organic Honey :	Quantity : 500 ml	Expiry Date : 10/3/25		No added sugar 100% pure	Max. Retail Price : ₹ 500	Manufacturer : Organic Agro products ----- Uttarakhand	1
Manufacturing Date : 10/3/23	Organic Honey :	Quantity : 500 ml									
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Max. Retail Price : ₹ 500		Manufacturer : Organic Agro products ----- Uttarakhand									
Ans		(b) Labelling									

14	13	With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here? (a) Political Environment (b) Technological Environment (c) Economic Environment (d) Social Environment	1
Ans		(d) Social Environment	
15	14	In organising process, which of the following step is performed just before establishing reporting relationship between individuals? (a) Assignment of duties (b) Identification and division of work (c) Departmentalization (d) Imparting training to employees	1
Ans		(a) Assignment of duties	
16	15	‘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.’ The function of the stock exchange highlighted above is: (A) Pricing of securities (B) Safety of transaction (C) Spreading of equity cult (D) Providing scope for speculation	1
Ans		(c) Spreading of equity cult	
17.	16	Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job seekers can be a valuable source of manpower. A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. The source of recruitment discussed above is: (A) Direct recruitment (B) Casual callers (C) Labour contractors (D) Campus recruitment	1
Ans		(B) Casual callers	
18.	17	Assertion (A): Informal organization has a definite structure or form. Reason (R): Informal organization is a complex network of social relationships among members. Choose the correct alternative from the options 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, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.	1

Ans		(D) Assertion (A) is false, but Reason (R) is true.	
19.	18	'Vanguard Inc.', a company manufacturing footwear for men, women and children has been earning consistent profits for the last many years. It has a democratic style of working. Workers are encouraged to develop and carry out plans for improvement in the organisation. Varun who is working in the production department gave a suggestion which resulted in 10% reduction in the cost of production of shoes. He was rewarded for his suggestion. Identify the principle of management followed by 'Vanguard Inc.' in the above case: (A) Esprit De Corps (B) Subordination of Individual Interest to General Interest (C) Initiative (D) Equity	1
Ans		(C) Initiative	
20	19	From the following, identify the Incorrect Statement as per Consumer Protection Act, 2019: (a) National Commission has territorial jurisdiction over the whole country for consumer protection. (b) District Commission entertains complaints where value of goods or services paid as consideration does not exceed ₹ 50 Lakhs. (c) Appeal against District Commission's order can be filed in National Commission. (d) District Commission and State Commission are set by the State Governments.	1
Ans		(c) Appeal against District Commission's order can be filed in National Commission.	
21.	24	Pallavi started a wedding planner company 'Dreams Unlimited' in 2021 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation. The above case highlights some of the features of management. By quoting lines from the above paragraph, explain any two such features.	3

Ans		Features of management (any two): (i) Management is goal oriented “.... united the efforts of different people to achieve this goal.” Every organisation has a set of basic goals which are the basic reason for its existence and unites the efforts of different individuals in the organisation towards achieving these goals. (ii) Management is a dynamic function “The company adapted to keep pace with the changing environment.” Management is a dynamic function and has to adapt itself to the changing environment. In order to be successful, an organisation must change itself and its goals according to the needs of the environment. (iii) Management is an intangible force “All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation.” 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 when targets are met and employees are happy and satisfied.	½ mark for naming + ½ mark for quoting +1 mark for its explanation
22	23	Savita has been assigned the job of a quantity controller. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However, one day she realizes that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed. Quoting the lines, identify three points of importance of controlling that have been highlighted in the above case.	3
Ans		The benefits of controlling highlighted in the above case are: (I) Controlling helps in accomplishing organizational goals. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. (II) Controlling helps in judging accuracy of set standards. However, one day she realises that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor, she discusses it with the management and the target is reduced to 450. (III) Controlling helps in facilitating coordination in action. She has divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.	1X3=3

23	22	'Caro', a car manufacturing company was manufacturing high cost, good quality luxury cars. For the last few years, the company was not earning good profits as the demand for the cars was very low. Chief Executive Officer of the company, Piyush had a meeting with the Production and Sales Managers to discuss how to increase the revenue of the company. They found that nowadays instead of purchasing luxury cars people prefer to have such cars on rental basis. So they decided to start 'Car rental service'. The Production Manager also suggested that as these cars were sophisticated and each spare part was very costly it would be better to provide these cars for rental service along with trained drivers so that there would be less wear and tear. Piyush agreed and a training unit was started. Two of the available cars were used for training the drivers. People were very happy as they were getting these cars on rental basis with trained drivers. The idea was a big hit and the company was able to surpass its profit targets of the last 20 years. (a) Identify and explain the method of training given by 'Caro' to its drivers. (b) Also, state any two advantages the drivers will get after this training.	3
Ans		(a) Vestibule Training: It is a method of training in which the employees learn the jobs on the equipment they will be using but the training is conducted away from the actual work floor. This is used when employees are required to handle sophisticated machinery and equipment. (b) Advantages the drivers will get after this training: (Any two) - It will help in career growth due to improved skills and knowledge. - It will help them to earn more due to improved performance. - It will reduce accidents as the employees are more efficient to handle machines. - It will increase the morale of the employees as the employees are more satisfied.	
24	21	State any three regulatory functions of 'Securities and Exchange Board of India'.	3
Ans		Regulatory functions of Securities and Exchange Board of India: (any three) - Registration of brokers and sub-brokers and other players in the market. - Registration of collective investment schemes and Mutual Funds. - Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market. - Regulation of takeover bids by companies. - Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries. - Levying fee or other charges for carrying out the purposes of the Act. - Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India.	

25		“Our assets walk out of the door each evening. We have to make sure that they come back the next morning”. Identify the function of management being discussed above and state any three benefits to the organisation that its proper application in the firm will ensure.	4
Ans		Staffing (1 mark) Proper staffing ensures the following benefits to the organization (Any three): (i) helps in discovering and obtaining competent personnel for various jobs. (ii) makes for higher performance, by putting right person on the right job, (iii) ensures the continuous survival and growth of the enterprise through the succession planning for managers, (iv) helps to ensure optimum utilisation of the human resources. By avoiding overmanning, it prevents under-utilisation of personnel and high labour costs. At the same time, it avoids disruption of work by indicating in advance the shortages of personnel, and (v) improves job satisfaction and morale of employees through objective assessment and fair rewarding of their contribution.	1+3=4 (1m for identification +1m each for any three benefits)
	30	‘In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of ‘Get My Job’ has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process for applying for jobs easier and candidate friendly.’ A function of management is being discussed in this para. You have to explain the next two steps in the process of that function which are followed after the step discussed in above para.	
	Ans	Next two steps: (a) Selection: Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes: (i) it ensures that the organisation gets the best among the available and (ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation. (b) Placement and orientation: Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. Placement refers to the employee occupying the position or post for which the person has been selected.	1/2 mark for naming and 1 1/2 marks for the explanation

26	29	Kapila is working at 'Cresa Engineering Solutions', an engineering consultancy firm. Despite being frequently enticed by many competitive companies offering her a higher pay package, Kapila chooses to stay with 'Cresa Engineering Solutions'. She enjoys her work as her job is designed with greater variety of work content requiring higher level of knowledge and skill and provides the opportunity for personal growth. The company has appropriate skill development programmes and a sound promotion policy due to which Kapila has been getting promotions year after year. Not only this, Kapila's work is being appreciated by the management from time to time. She always gives valuable suggestions and is being rewarded for that also. Over and above, the company implements measures to ensure stability of the employees in the organisation. All these factors motivate Kapila to continue to work in 'Cresa Engineering Solutions'. Identify and explain the four non-financial incentives discussed in the above case.	4
Ans		Ans. Non- Financial Incentives (i) <u>Job Enrichment</u> It is concerned with designing jobs that include greater variety of work content, requiring higher level of knowledge and skill to provide a meaningful work experience. (ii) <u>Career Advancement Opportunity</u> includes opportunities provided to employees to improve their skills and be promoted to the higher-level jobs. (iii) <u>Employee Recognition Programmes</u> means appreciating the work performed by employees so that they feel motivated and perform at higher level. (iv) <u>Job Security</u> involves giving stability about future income and work to an employee so that he does not feel worried on these aspects and works with greater zeal.	(½ mark for identification + ½ mark for explanation) x 4 = 4 marks
27		Mr. Akshay, a 20-year-old college student purchased a book online from XYZ Pvt Ltd and when it was delivered, he noticed that there was no MRP mentioned on it. He browsed the internet and found that the book was sold at different prices in different places. He filed a case in District forum against the publisher. The court held in favour of Akshay and awarded a compensation of ₹10,000. (a) Identify and state the consumer right violated in the above case. (b) Name and explain the right exercised by Mr. Akshay.	4
Ans		(a) Right to be informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc. It is because of this reason that the legal framework in India requires the manufactures to provide such information on the package and label of the product. (b) Right to seek redressal: The consumer has a right to get relief against unfair trade practice of restrictive trade practices or unscrupulous exploitation in case the product or a service falls short of his expectations. The Consumer	(1/2 Mark each of identification + 1.5 mark each for

		Protection Act 2019 provides for redressal to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.	explanati on)
	28	Aman a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2021 an initiative was started, in which 11 trees are planted every time a girl child is born. To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels. Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products. However, on visiting the village Aman found that the villagers were suffering exploitation at the hands of local merchants who were engaged in unscrupulous, exploitative trade practices like hoarding and black marketing of food products and also selling unsafe, adulterated products to the villagers. After looking at their plight instead of starting a business organization, he decided to set up an organisation for the protection and promotion of the consumer interest of the villagers. State any four functions that the organisation established by Aman will be performing.	
	Ans	Functions of an NGO: /Consumer organisation (any four) (i) Educating the villagers/general public about consumer rights by organising training programmes, seminars and workshops. (ii) Publishing periodicals and other publications to impart knowledge about consumer problems, reliefs available and other matters of interest. (iii) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers. (iv) Encouraging consumers to strongly protest and take an action against exploitative and unfair trade practices of sellers (v) Providing legal assistance to consumers by way of providing aid, legal advice etc, in seeking legal remedy. (vi) Filing complaints in consumer courts on behalf of consumers. (vii) Taking an initiative in filing cases in consumer courts in the interest of the villagers/general public, not for any individual.	
28	27	Dhawan Arora, after acquiring a bachelor's degree in culinary art joined his father's chain of vegetarian restaurants in Delhi. Being young and enterprising, he suggested his father to add a new section of vegetarian bakery items which required an investment of ₹15 crores. His father Mr. Aarav Arora suggested him to take the decision with caution after understanding everything comprehensively as bad decision may damage the financial fortune of business. Identify the decision suggested by Mr. Aarav Arora. Explain the factors affecting the decision identified from the paragraph.	4

Ans		Capital Budgeting Decision. Factors: (a) Cash flows of the project: When a company takes an investment decision involving huge amount it expects to generate some cash flows over a period. These cash flows are in the form of a series of cash receipts and payments over the life of an investment. The amount of these cash flows should be carefully analysed before considering a capital budgeting decision. (b) The rate of return: The most important criterion is the rate of return of the project. These calculations are based on the expected returns from each proposal and the assessment of the risk involved. Suppose, there are two projects, A and B (with the same risk involved), with a rate of return of 10 per cent and 12 per cent, respectively, then under normal circumstance, project B should be selected. (c) The investment criteria involved: The decision to invest in a particular project involves a number of calculations regarding the amount of investment, interest rate, cash flows and rate of return. There are different techniques to evaluate investment proposals which are known as capital budgeting techniques. These techniques are applied to each proposal before selecting a particular project.	1+3
29	26	'Shanta Enterprises' was in the business of manufacturing solar panels for the last fifteen years. With their expertise, they were able to manufacture good quality solar panels at lower cost. As a result 'Shanta Enterprises' was flooded with orders and was able to generate a good profit margin. To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future incomes. Ekta, a regular employee of the company, working as Research and Development Head, was awarded the 'Best Employee of the year Award'. (a) Identify and explain the needs of the employees being met by the incentives provided here, as per Maslow's Need Hierarchy Theory. (b) Explain any other two needs from Maslow's Need Hierarchy Theory.	4
Ans		(a) The needs of the employees being met by such incentives as per Maslow's Need Hierarchy Theory: (i) Safety/Security needs: These needs provide security and protection from physical and emotional harm. Examples: job security, stability of income, Pension plans etc., (ii) Esteem needs: These include factors such as self-respect, autonomy status, recognition and attention. (B) Other needs are:(any two) (i)Basic Physiological Needs: These needs are most basic in the hierarchy and corresponds to primary needs. Hunger, thirst,etc., are some examples of these needs. In the organisational context, basic salary helps to satisfy these needs. (ii)Affiliation/Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship.	½ Mark for Identification + ½ Mark for explanation

		(iii) It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals.	
30	25	Federick limited is in the business of manufacturing and exporting carpets and other home décor products. It has a share capital of ₹ 70 lacs at the face value of ₹ 100 each. Company is considering a major expansion of its production facilities and wants to raise ₹ 50 lacs. The finance manager of the company Mr. Prabhakar has recommended that the company can raise funds of the same amount by issuing 7% debentures. Given that earning per share of the company after expansion is ₹ 35 and tax rate is 30%, did Mr. Prabhakar give a justified recommendation? Show the working.	4
Ans		Earnings per share = ₹ 35 EPS = Earnings after tax / No. of equity shares 35 = Earnings after tax / 70,000 Earnings after tax = ₹ 24,50,000 Interest = 50,00,000 x 7/100 = ₹. 3,50,0000 Let the Earning before tax (EBT) = x EBT - Tax = EAT $X - 0.30x = 24,50,000$ $0.70x = 24,50,000$ $x = 24,50,000 / 0.70$ $x = 35,00,000$ Earning before tax = ₹. 35,00,000 EBIT = Earning before tax + Interest = 35,00,000 + 3,50,000 = ₹. 38,50,000 ROI = EBIT / total Investment × 100 = 38,50,000 / 1,20,00,000 × 100 = 32.08% As ROI (32.08%) > Rate of interest (7%). The company can choose to use trading on equity to increase its EPS. The finance manager was justified in making this recommendation.	

31	34	Ankur Sachdeva did his MBA from ITB University. He decided to apply his knowledge of scientific management in the fast-food restaurant chain 'Coffee Bean' set up by him. This restaurant was providing burgers, fries, shakes etc, as a part of its menu. Now a days as people are quality conscious, so he was using standardised raw materials, processes, methods, working conditions, machinery etc. The objective was to establish standards of excellence. By doing this he was not only able to reduce the cost but was also able to provide new varieties of burgers, fries and shakes leading to increased turnover. Ankur Sachdeva also believed that there was only one best method to maximise efficiency. As a result, he developed best way of grilling burgers, cooking fries and preparing shakes. His main objective was to maximise the satisfaction of customers, which he was able to achieve. 'Coffee Bean' regularly invests in training and development programmes to equip employees with the necessary skill and knowledge. 'Coffee Bean' believed that efficient employees will produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers. The above case highlights the use of Scientific principles and techniques by 'Coffee Bean'. Explain two principle and two techniques, highlighted here in the case study.	6
Ans		<u>Scientific principles of management:</u> (i) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity: Taylor believed that each person should be scientifically selected. Then work assigned should suit her/his physical, mental and intellectual capabilities. To increase efficiency, they should be given the required training. (ii) Science not Rule of Thumb: Taylor believed that there was only one best method to maximise efficiency which should be developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. This results in tremendous saving of human energy as well as wastage of time and material. <u>Techniques of scientific management:</u> (i) Method Study The objective of method study is to find out one best way of doing the job. The objective of the whole exercise is to minimise the cost of production and maximise the quality and satisfaction of the customer. (ii) Standardisation & Simplification: Standardisation refers to the process of setting standards for every business activity. It can be standardisation of process, raw material, time, product, machinery, methods or working conditions. These standards are the benchmarks, which must be adhered to during production.	

32	33	Diligent developers, a website design company in Bangalore is a startup initiative of Mr. Maniraj which aims at achieving a profit margin of 10% in its first year. Mr. Maniraj appointed Mr. Advait as the Digital marketing Head, Mr. Kiyansh as the head of Backend department and Mr. Nirved headed the Graphics Designing Department. Since each head was specialised in specific skills, it resulted in increased efficiency and better coordination. However, problems arose when Mr. Advait started considering group objectives superior to organisational objectives and stopped exchanging information with Mr. Kiyansh and Mr. Nirved. The company had to bear the brunt of lack of coordination and was unable to achieve its objectives. a) Identify and state the organisational structure adopted by the company. b) State two benefits and two limitations of the identified structure highlighted in the above case.	6
Ans		(a) The organisational structure adopted by Diligent Developers is Functional structure. Functional structure is an organisational design that groups similar or related jobs together. (b) Benefits of functional structure (Any two) - A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance. - It promotes control and coordination within a department because of similarity in the tasks being performed. - It helps in increasing managerial and operational efficiency and this results in increased profit. - It leads to minimal duplication of effort which results in economies of scale and this lowers cost. - It makes training of employees easier as the focus is only on a limited range of skills. - It ensures that different functions get due attention. Limitations of functional structure (Any two): - A functional structure places less emphasis on overall enterprise objectives than the objectives pursued by a functional head. Such practices may lead to functional empires wherein the importance of a particular function may be overemphasized. Pursuing departmental interests at the cost of organisational interests can also hinder the interaction between two or more departments. - It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments. - A conflict of interests may arise when the interests of two or more departments are not compatible. For example, the sales department insisting on a customer friendly design may cause difficulties in production. Such dissension can prove to be harmful in terms of fulfillment of organisational interest. Interdepartmental conflicts can also arise in the absence of clear separation of responsibility. - It may lead to inflexibility as people with same skills and knowledge base may develop a narrow perspective and thus, have difficulty in appreciating by other point of view. Functional heads do not get	2+2+2=6

		training for top management positions because they are unable to gather experience in diverse areas.	
33	32	An Auto Company, Win ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting. The following decisions were taken in the meeting: a) to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year. b) to change the criteria for choosing vendors for procuring supplies. c) to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management. On the basis of the text above, answer the following questions: (a) Define the term 'standing plan' (b) Identify and explain the plans discussed above, which can be classified as standing plans, by quoting the lines.	6
Ans		(a) Standing plans are used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. (b) The following type of plans discussed above are classified as standing plans: i. "Changing the vendors....."- Policy is a general statement that guides thinking or channelizes energies towards a particular direction. ii. "Seminar for higher levels.....supervisory management"- Method provides the prescribed ways or manner in which a task has to be performed considering the objective. iii. "Attending the meeting not discretion----- penalty"- Rules are specific statements that inform what is to be done.	1.5 X4

34	31	(I) Good Living Ltd. manufactures mosquito repellent tablets. These tablets are packed in strips of 12 tablets each. Each of these strips are packed in a cardboard box, 48 such boxes are then placed in a big corrugated box and delivered to various retailers for sale. Quoting the lines, identify the three levels of packaging discussed in the above case. (II) Explain any three important activities that are required for making the goods available to the customers at the right place, in the right quantity and at the right time.	3+3=6
Ans		(I) - Primary Packaging: "These tablets are packed in strips of 12 tablets each." - Secondary Packaging: "Each of these strips are packed in a cardboard box" - Transport Packaging: "48 such boxes are then placed in a big corrugated box and delivered to various retailers for sale" II. Activities/ Components of Physical Distribution: (Any three) - Order processing- 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. - Transportation- It is the means of carrying the goods and raw materials from the point of production to the point of sale. It is important because unless the goods are physically made available, the sale cannot be completed. - Warehousing- It refers to the act of storing and assorting products in order to create time utility in them. - Inventory Control- 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	1/2 mark for the heading+ 1/2 mark for explanation/quote