

SAMPLE PAPER ANSWER KEY

Session 2019– 2020

Marks distribution

(Details in red are subject to change as per the division given by Board for each subject).

Answer key

Q.No.	Answer	Sub-part	Total
1)	Policy	1	1
2)	Establishing reporting relationship	1	1
3)	Branding	1	1
4)	Management of people	1	1
5)	Two-level channel	1	1
6)	Badly expressed message	1	1
7)	Organising	1	1
8)	Harmony not Discord	1	1
9)	Staffing	1	1
10)	Division of Work	1	1
11)	All of the above	1	1
12)	True	1	1
13)	Focuses on key areas only	1	1
14)	Contractual Constraints	1	1
15)	Political	1	1
16)	Removal of unnecessary controls and restrictions	1	1
17)	Banks and Financial markets	1	1
18)	Managers at all level have to perform controlling function.	1	1
19)	Employees	1	1
20)	True	1	1
21)	Following characteristics are identified: 1. Planning is futuristic: Involves looking into the future and prepare the organisation for the changes 2. Planning is pervasive: It is applicable at all levels 3. Planning is the primary function of management: It lays down the base for all other functions of management OR (a)Planning (b)Next two steps 1.Evaluating the alternative- know the pros and cons of each identified alternative course of action	(1/2m for identification +1/2m for explanation) X 3 OR 1m for identification +	3

	2.Selecting the best alternative- On the basis of the evaluation of each alternative course of action, the best alternative is selected. At times, a combination of alternatives may be used.	2m for steps																			
22)	<p>A) Controlling</p> <p>B) Analysing Deviations-</p> <p>On analysing the daily schedules and the CCTV footage of the production floor, it was observed that the workers were diligently following the schedules</p>	3	3																		
23)	<p>Democratic style of leadership</p> <p>- A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organisation thereby increasing their morale.</p> <p>-Using this style of mutual benefit, it allows subordinates to become a part of the team and helps leaders to make better decisions.</p>	1m for identification + 2m for explanation	3																		
24)	<p>Trading on equity refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges. When the rate of earning or Return on Investment (ROI) of a company is higher than the rate of interest on borrowed funds only then a company should opt for trading on equity. Let us consider the following example</p> <table border="1" data-bbox="360 1073 1154 1858"> <thead> <tr> <th></th> <th>Company 'X'</th> <th>Company 'Y'</th> </tr> </thead> <tbody> <tr> <td>Share Capital</td> <td>Rs. 10 lakhs</td> <td>Rs. 04.00 lakhs</td> </tr> <tr> <td>Loan @ 15% pa.a</td> <td>-</td> <td>Rs. 06.00 lakhs</td> </tr> <tr> <td></td> <td>Rs. 10 lakhs</td> <td>Rs. 10.00 lakhs</td> </tr> <tr> <td>Profit before interest + Tax</td> <td>Rs. 3 lakhs</td> <td>Rs. 03.00 lakhs</td> </tr> <tr> <td>Interest</td> <td>Nil</td> <td>Rs. 00.09 lakhs</td> </tr> </tbody> </table>		Company 'X'	Company 'Y'	Share Capital	Rs. 10 lakhs	Rs. 04.00 lakhs	Loan @ 15% pa.a	-	Rs. 06.00 lakhs		Rs. 10 lakhs	Rs. 10.00 lakhs	Profit before interest + Tax	Rs. 3 lakhs	Rs. 03.00 lakhs	Interest	Nil	Rs. 00.09 lakhs	3	3
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25)	<p>Next three steps in organising process</p> <ol style="list-style-type: none"> 1. Departmentalisation- Grouping similar tasks into larger units called departments 2. Assignment of jobs- Once departments are formed, each of them is placed under the charge of an individual. Jobs are then allocated to the members of each department according to their skills and competencies. 3. Establishing reporting relationship-Each individual should know from whom he/she has to take orders and to whom they are accountable. This step involves deciding who is answerable to whom and develop a senior-subordinate relationship. 	(1/2m for heading + 1/2m for explanation) X 3	3															
26)	<p>Top Level. Functions of the top-level management:(Any three)</p> <ol style="list-style-type: none"> 1. To coordinate the activities of different departments. 2. To be responsible for welfare and survival of the organisation. 3. To formulate overall organisational goals and strategies. 4. To be responsible for all the activities of the business and for its impact on the society. 	1m for identification + 1m for each function	4															
27)	<p>(Any two) Time study: It seeks to determine the standard time taken to perform a well-defined job. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs. By using time measuring devices for each element of a task the standard time is fixed for the whole of the task by taking several readings.</p>	2+2	4															

	<p>Simplification (Standardisation and Simplification): Simplification aims at eliminating superfluous diversity of products in terms of varieties, sizes and dimensions. It not only helps to reduce inventories but also saves the cost of labour, machines and tools. Thus it helps to increase turnover by ensuring optimum utilisation of resources.</p> <p>Motion study: Motion study refers to the study of movements of limbs of a worker while doing a particular task. It seeks to divide all such movements into three categories namely; Motions which are required Motions which are unnecessary Motions which are incidental. Thus, motion study helps to eliminate unnecessary movements of a work and enables him to complete the given task efficiently.</p>		
28)	<p>The following are some of the important functions of a stock exchange.</p> <ol style="list-style-type: none"> 1. Providing Liquidity and Marketability to Existing Securities: The basic function of a stock exchange is the creation of a continuous market where securities are bought and sold. It gives investors the chance to disinvest and reinvest. This provides both liquidity and easy marketability to already existing securities in the market. 2. Pricing of Securities: Share prices on the stock exchange are determined by the forces of demand and supply. A stock exchange is a mechanism of constant valuation through which the prices of securities are determined. Such a valuation provides important instant information to both buyers and sellers in the market. 3. Safety of Transaction: The membership of a stock exchange is well- regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market. 4. Contributes to Economic Growth: A stock exchange is a market in which existing securities are resold or traded. Through this process of disinvestment and reinvestment savings get channelised into their most productive investment avenues. This leads to capital formation and economic growth. 5. Spreading of Equity Cult: The stock exchange can play a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments. 	(1/2m for heading + 1/2m for explanation) X4	4

	<p>6. Providing Scope for Speculation: The stock exchange provides sufficient scope within the provisions of law for speculative activity in a restricted and controlled manner. It is generally accepted that a certain degree of healthy speculation is necessary to ensure liquidity and price continuity in the stock market.</p> <p style="text-align: center;">OR</p> <p>The function mentioned in the question is Regulatory Function. The tasks covered under the function are:</p> <ol style="list-style-type: none"> 1.Registration of brokers and sub brokers and other players in the market. 2. Registration of collective investment schemes and Mutual Funds. 3. Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market. 4. Regulation of takeover bids by companies. 5. Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries. 6. Levying fee or other charges for carrying out the purposes of the Act. 7. Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India. 	<p style="text-align: center;">OR</p> <p>1m for identification 3m for each task</p>	
29)	<p>Any five non-monetary incentives</p> <p>(i)Status- In business terms, 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. It satisfies psychological and social needs of an individual.</p> <p>(ii)Organisational Climate- Better conditions in an organisation like individual autonomy, reward orientation, consideration to employees, risk taking, etc provide an organisation to be different from the other organisations.</p> <p>Positive measures taken in these aspects help to develop better organisational climate.</p> <p>(iii)Career Advancement Opportunity- When employees are provided opportunities to grow in status and responsibility, they are satisfied and are committed to organisational goals.</p> <p>Appropriate skill development programmes and sound promotion policy help employees to improve their skills and be promoted to higher levels and exhibit improved performance.</p>	<p>(1/2m for heading + 1/2m for explanation) X 5</p>	5

	<p>(iv) Job Enrichment- It is concerned with designing of jobs that include greater variety of work content, requiring higher level of knowledge and skill. This provides opportunity for growth and development of an employee on one hand and more autonomy and responsibility on the other, which becomes a source of motivation to the individual.</p> <p>(v) Employee Recognition Programmes- Recognition means acknowledgement of work with a show of appreciation. With such appreciation, employees feel motivated. It can be done in the following ways:</p> <p>(a) Congratulating an employee for his/her good performance.</p> <p>(b) Display on notice board or newsletter of the company about the achievement of the employee.</p> <p>(c) Giving award/certificate for best performance.</p> <p>(d) Distributing momentos, complementaries like T-shirts, caps, bags, etc.</p> <p>(e) Rewarding an employee for giving valuable suggestions.</p> <p>(vi) Job Security- It ensures stability of income and work, which motivates an individual to work with great zeal. However, it has one negative aspect i.e. it makes individuals feel that they are not likely to lose their jobs and hence may become complacent and careless. -</p> <p>(vii) Employee Participation- It means involving employees in decision-making regarding the issues related to them. e.g. encourage participation in joint management committees, work committees, canteen committees, etc.</p> <p>(viii) Employee Empowerment- It means giving more autonomy and powers to subordinates. It makes people feel that their jobs are important, as a result of which, they contribute positively towards the organisation.</p> <p style="text-align: center;">OR</p> <p>(a) The type of barrier is Semantic barriers</p> <p>(b) Semantic barriers (any four)</p> <ol style="list-style-type: none"> 1. Badly expressed message: Sometimes intended meaning may not be conveyed. 2. Words with different meanings confuses the receiver. 3. Unclear assumption: Different interpretations may result in confusion. 4. Technical Jargon: Technical words may not be understood by the workers. 	<p>OR</p> <p>1m for identifica tion + (1/2m for heading+ 1/2m for explanati on) X4</p>	
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30)	<p>a. Staffing</p> <p>b. Recruitment Recommendations of Employees</p> <p>c. Training Systematic Learning Increased Productivity Fewer accidents Preparing Future managers (any two)</p>	<p>1 + 1/2+1/2 + 1+2</p>	5
31)	<p>Under consumer protection Act following remedies are available:</p> <ol style="list-style-type: none"> 1. Removal of defects 2. Replacement of goods 3. Refund of price 4. Award of compensation 5. Removal of deficiency in service 6. Discontinuance of Unfair/Restrictive trade practices 7. Stopping the sale of hazardous goods 8. Withdrawal of hazardous goods from the market 9. Payment of adequate cost <p style="text-align: center;">OR</p> <p>i) A consumer should be aware about the various goods and services available in the market, so that he can make a wise choice by comparing their features and prices.</p> <p>(ii) A consumer must always buy standardised goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, hallmark on jewellery, etc.</p> <p>(iii) A consumer must learn about the various risks associated with the use and maintenance of goods. He must follow the manufacturers instructions carefully.</p> <p>(iv) A consumer must read the labels carefully, so as to have complete information about the price, quantity, ingredients, usage, contents, expiry date, etc.</p> <p>(v) A consumer must ensure that he gets a fair deal.</p> <p>(vi) A consumer should be honest in his dealings, choose legal goods and discourage unscrupulous practices like black-marketing, hoarding, etc.</p> <p>(vii) A consumer should always ask for a cash memo, as it is the proof of purchase required at the time of taking any action against a fraudulent seller/manufacturer.</p>	<p>1X5</p> <p style="text-align: center;">OR</p> <p>1X5 (FOR ANY FIVE)</p>	5

	<p>(viii) A consumer must file a complaint in case of any shortcomings in goods or services availed.</p> <p>(IX) A consumer should take initiative to form consumer societies that can take an active part in educating consumers and safeguarding their interests.</p> <p>(x) A consumer should respect the environment and avoid creating pollution.</p>		
32)	<p>a) Decentralisation</p> <p>b) Importance of decentralisation</p> <ul style="list-style-type: none"> -Relief to top management -Develops initiative among subordinates -Develops managerial talent for the future -Facilitates growth -Quick decision making <p style="text-align: center;">OR</p> <p>Delegation</p> <p>Importance of delegation</p> <ol style="list-style-type: none"> 1. Effective management: By delegation, managers pass their routine work to their subordinates. So they get more time to concentrate on more important matters. This will help them to excel in new areas and be more efficient and effective. 2. Employee development: In the process of management, the work is passed on to the employees. This gives them the opportunity to use their talents and increase their experience. It makes them better leaders and decision makers. Thus delegation helps in preparing better future managers. 3. Motivation of employees: When a superior passes on the responsibility to his subordinate, it is not merely sharing work but also sharing trust. This develops a feeling of belongingness and commitment for the subordinate. It improves his confidence and he feels encouraged to improve his performance. 4. Facilitation of growth: While passing on a responsibility and authority managers have to take care of the qualification and capability of the employee. This division of work and specialization provides a ready work force to take the leading position in a new venture and thus help in the expansion of the enterprise. 	<p>1m identificat ion + (1/2m for heading+ 1/2m for explanati on) X5</p> <p>OR</p> <p>1m identificat ion + (1/2m for heading+ 1/2m for explanati on) X5</p>	6

	<p>5. Basis of management hierarchy: Delegation establishes authority responsibility relationships between employees. The degree and flow of authority determines who is to report to whom. It also decides the power enjoyed by each job position in the organization.</p> <p>6. Better coordination: Authority, responsibility and accountability help to define the powers, duties and answerability related to various job positions in an organization. This helps to avoid overlapping and duplication of efforts and thus helps in maintaining coordination amongst departments and functions of management. Importance of delegation</p>		
33)	<p>A) Primary Market</p> <p>B) Offer for sale, Offer through prospectus and Rights Issue(with explanation)</p> <p>C) Banks, financial institutions, insurance companies and individuals</p> <p>D) Private placement and e-IPO</p>	1+3+1+ (1/2X2)	6
34)	<p>Marketing tools are the marketing mix</p> <ol style="list-style-type: none"> 1. Product- This means goods or services or anything of value which is offered to the market for sale. Besides physical objects, it also services, ideas, persons and places in the concept of product. The important product-related decisions include features, quality, packaging, branding and labelling 2. Price- It is the amount of money paid by the buyer in consideration of the purchase of a product or service.No product can be launched without a price tag. It is the single most important factor affecting the revenue and profit of the firm. 3. Place- It is concerned with making the goods and services available at the right place, in the right quantity and the right time, so that consumers can purchase the same. It includes all the activities that makes the product available to the target customer. 4. Promotion: 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 organizations undertake various promotional activities and spend substantial amount of money on the promotion of their 	(1/m for heading + 1m fr explanation) X 4	6

	<p>goods through using number of tools such as advertising, personal selling and sales promotion techniques.</p> <p style="text-align: center;">OR</p> <p>PRICE</p> <p>1. Product Cost:</p> <p>The most important factor affecting the price of a product is its cost. Product cost refers to the total of fixed costs, variable costs and semi variable costs incurred during the production, distribution and selling of the product. Fixed costs are those costs which remain fixed at all the levels of production or sales. For example, rent of building, salary, etc. Variable costs refer to the costs which are directly related to the levels of production or sales. For example, the costs of raw material, labour costs etc. Semi variable costs are those that change with the level of activity but not in direct proportion. For example, fixed salary of Rs 12,000 + upto 6% graded commission on increase in volume of sales.</p> <p>2. The Utility and Demand:</p> <p>Usually, consumers demand more units of a product when its price is low and vice versa. However, when the demand for a product is elastic, little variation in the price may result in large changes in quantity demanded. In case of inelastic demand, a change in the prices does not affect the demand significantly. Thus, a firm can charge higher profits in case of inelastic demand. Moreover, the buyer is ready to pay up to that point where he perceives utility from product to be at least equal to price paid. Thus, both utility and demand for a product affect its price.</p> <p>3. Extent of Competition in the Market:</p> <p>The next important factor affecting the price for a product is the nature and degree of competition in the market. A firm can fix any price for its product if the degree of competition is low. However, when the level of competition is very high, the price of a product is determined on the basis of price of competitors' products, their features and quality etc. For example, MRF Tyre company cannot fix the prices of its Tyres</p>	<p>OR</p> <p>1m for element</p> <p>1*5 for factors</p>	
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without considering the prices of Bridgestone Tyre Company, Goodyear Tyre company etc.

4. Government and Legal Regulations:

The firms which have monopoly in the market, usually charge high prices for their products. In order to protect the interest of the public, the government intervenes and regulates the prices of the commodities for this purpose; it declares some products as essential products for example. Life saving drugs etc.

5. Pricing Objectives:

Another important factor, affecting the price of a product or service is the pricing objectives.

Following are the pricing objectives of any business:

(a) Profit Maximisation:

Usually the objective of any business is to maximise the profit. During the short run, a firm can earn maximum profit by charging high prices.

(b) Obtaining Market Share Leadership:

If the firm's objective is to obtain a big market share, it keeps the price per unit low so that there is an increase in sales.

(c) Surviving in a Competitive Market:

If a firm is not able to face the competition and is finding difficulties in surviving, it may resort to free offer, discount or may try to liquidate its stock even at BOP (Best Obtainable Price).

(d) Attaining Product Quality Leadership:

Generally, firm charges higher prices to cover high quality and high cost if it's backed by above objective.

6. Marketing Methods Used:

	The various marketing methods such as distribution system, quality of salesmen, advertising, type of packaging, customer service, etc. also affect the price of a product.		
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