	Business Studies (Subject Code 054) **CLASS XII (2026-27)** **MARKING SCHEME** **TIME ALLOWED: 3 hours** **M.M:80**	
Q.NO		MARKS
1.	(C). Analysing the business environment and its implications for the survival of the firm.	1
.2	(B). Differential Piece Wage System	1
3.	(C). Divisional Structure	1
4.	(B). Statement II is true and Statement I is false.	1
5.	(B). It helps the firm to identify threats and early warning signals.	1
6.	(A) Controlling completes one cycle of management process and improves planning in the next cycle.	1
7.	(B). 1 (ii) ,2 (iv) ,3 (i) , 4 (iii)	1
8.	(D). A person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment.	1

9.	(C) The principle helps avoid dual subordination.	1
10.	(C). A is true but R is false.	1
11.	(A). Central Consumer Protection Authority	1
12.	(D). It is usually less liquid but contributes more to the profits than fixed assets.	1
13.	(B). State Commission	1
14.	(D).(vii),(vi),(iii),(ii)	1
15.	(D). Financial planning	1
16.	C). Semi Variable cost	1
17.	(B). Level of competition	1
18.	(A). Right to be heard, Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.	1
19.	(B). Issue of debentures	1
20.	(B). Improving employee motivation	1
21.	(i) Preliminary Screening: Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for	1x3=3 One mark for each

	reasons, which did not appear in the application forms. (ii) Selection Tests: An employment test is a mechanism (either a paper and pencil test or an exercise that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality. (iii) Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from the interviewer. OR Benefits of training and development to the organisation: (any3) (i) Training is a systematic learning, always better than hit and trial methods which lead to wastage of efforts and money. (ii) It enhances employee productivity both in terms of quantity and quality, leading to higher profits. (iii) Training equips the future manager who can take over in case of emergency. (iv) Training increases employee morale and reduces absenteeism and employee turnover. (v) It helps in obtaining an effective response to a fast changing environment – technological and economic.	statement
22.	a) The barrier of communication due to which Supreet was unable to meet the target is Faulty Translation. b) The barriers under the group Semantic Barriers are: (any two) (i) Badly expressed message: Sometimes intended meaning may not be conveyed by a manager to his subordinates. These badly expressed messages may be an account of inadequate vocabulary, usage of wrong words,	a)1 + b)1x2=3 (½ mark for each heading+ ½ mark for

	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 leads to communication problems (iii) Unclarified assumptions: Some communications may have certain assumptions which are subject to different interpretations. (iv) Technical jargon: It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field. Therefore, they may not understand the actual meaning of many such words. (v Body language and gesture decoding: Every movement of the body communicates some meaning. The body movement and gestures of the communicator matters so much in conveying the message. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived.	each explanation)
23.	(A) (a) Control considerations-Issue of more equity may lead to dilution of management's control over the business. Debt financing has no such implication. Companies afraid of a takeover bid would prefer debt to equity. (b) State of capital market- Health of the capital market may also affect the choice of source of fund. During the period when the stock market is rising, more people invest in equity. However, a depressed capital market may make the issue of equity shares difficult for any company. OR (B) (a) Choice of technique-Some organisations are capital intensive whereas others are labour intensive. A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour. The requirement of fixed capital for such organisations would be higher. Labour intensive organisations on the other hand require less investment in fixed assets. Hence, their fixed	1 ½ + 1 ½ =3 (½ mark for each heading+1 mark for each explanation)

	capital requirement is lower. (b) Growth prospects-Higher growth of an organisation generally requires higher investment in fixed assets. Even when such growth is expected, a company may choose to create higher capacity in order to meet the anticipated higher demand quicker. This entails larger investment in fixed assets and consequently larger fixed capital.	
24.	1) Campus Recruitment: Colleges and institutes of management and technology have become a popular source of recruitment for technical, professional and managerial jobs. Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs. 2) Placement Agencies and Management Consultants: In technical and professional areas, private agencies and professional bodies appear to be doing substantive work. Placement agencies provide a nationwide service in matching personnel demand and supply. These agencies compile bio-data of a large number of candidates and recommend suitable names to their clients. Such agencies charge a fee for their services. Management consultancy firms help the organisations to recruit technical, professional and managerial personnel. They specialise in middle level and top level executive placements. 3) Casual Callers: 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.	1x3=3 (1 mark for each correct statement)
25.	(A) a) Cause and effect relationship-The principles of management are intended to establish a relationship between cause and effect so that they can be used in similar situations in a large number of cases. As	2+2=4 (½ mark for each heading and 1 ½

	such, they tell us if a particular principle was applied in a particular situation, what would be its likely effect. The principles of management are less than perfect since they mainly apply to human behaviour. In real life, situations are not identical. So, accurate cause and effect relationships may be difficult to establish b) Universal applicability-The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like. OR (B) a) Harmony not discord-Taylor called for complete mental revolution on the part of both management and workers. It means that management and workers should transform their thinking. In such a situation even trade unions will not think of going on strike etc. Management should share the gains of the company, if any, with the workers. At the same time workers should work hard and be willing to embrace change for the good of the company. Both should be part of the family. According to Taylor, 'Scientific management has for its foundation the firm conviction that the true interests of the two are one and the same; b) Science not rule of thumb-Taylor pioneered the introduction of the method of scientific inquiry into the domain of management practice. Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. Scientific method involved investigation of traditional methods through work-study, unifying the	for each explanatio n)

	best practices and developing a standard method, which would be followed throughout the organisation.	
26.	Components of physical distribution- the element of marketing mix discussed (Any two): 1. Transportation: Transportation is the means of carrying goods and raw materials from the point of production to the point of sale. It is one of the major elements in the physical distribution of goods. It is important because unless the goods are physically made available, the sale cannot be completed. 2. Warehousing: Warehousing refers to the act of storing and assorting products in order to create time utility in them. The basic purpose of warehousing activities is to arrange placement of goods and provide facilities to store them. The need for warehousing arises because there may be a difference between the time a product is produced and the time it is level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because a 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. required for consumption. 3. Inventory control: Linked to warehousing decisions are the inventory decisions which hold key to success for many manufacturers, especially those where the per unit cost is high. A very important decision in respect of inventory is deciding about the level of inventory. 4. Order processing: In a typical buyer-seller relationship, order placement is the first step. Products flow from manufacturers to customers via channel members while orders flow in the reverse direction, from customers to the manufacturers. A good physical distribution system should provide for an accurate and speedy processing of orders, in the absence of which, goods would reach the	2x2=4 (½ marks for the heading and 1½ marks for the explanation)

	customers late or in wrong quantity or specifications. This would result in customer dissatisfaction, with the danger of loss of business and goodwill.	
27.	A) The principle of managerial control applied by Mr Himank in the case is Management by Exception. Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of management. B) The subsequent step in the controlling process that must be undertaken by Mr Akhil to ensure that standards are accomplished is- Taking Corrective Action: No corrective action is required when the deviations are within acceptable limits. However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished. In case the deviation cannot be corrected through managerial action, the standards may have to be revised.	2+2=4 A)1 mark for naming and 1 mark for explanation B)1mark for identification and 1 mark for explanation
28.	(A) a) Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals. b) Any two styles of leadership depending on the use of authority- (i) Autocratic or Authoritarian leader An autocratic leader gives orders and expects his subordinates to obey those orders. If a manager is following this style, then communication is only one-way with the subordinate only acting according to the command given by the manager. This leader is dogmatic, i.e., does not change or wish to be contradicted. His following is based on the assumption that reward or punishment both can be given depending upon	(1+1 ½ X 2=4) (1 mark for elucidating + ½ mark for the heading + 1 mark for the explanatio

	the result. 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 has to ensure labour productivity. Quick decision-making is also facilitated. (ii) Democratic or Participative leader A democratic leader will develop action plans and make decisions in consultation with his subordinates. He will encourage them to participate in decision-making. This kind of leadership style is more common now-a-days, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the other's opinion and support subordinates to perform their duties and accomplish organisational objectives. They exercise more control by using forces within the group. (iii) Laissez faire or Free-rein leader Such a leader does not believe in the use of power unless it is absolutely essential. The followers are given a high degree of independence to formulate their own objectives and ways to achieve them. The group members work on their own tasks resolving issues themselves. The manager is there only to support them and supply them the required information to complete the task assigned. OR (B) a) Motivation means incitement or inducement to act or move. In the context of an organisation, it means the process of making subordinates to act in a desired manner to achieve certain organisational goals. b) Maslow's theory was based on human needs. He felt that within every human being, there exists a hierarchy of five needs. These are: (Any two) (i) Basic Physiological Needs: These needs are most basic in the hierarchy and correspond to primary needs. Hunger, thirst, shelter, sleep and sex are some examples of these needs. In the organisational context, basic salary helps to satisfy these needs. (ii) Safety/Security Needs: These needs provide security and protection from	n)

	physical and emotional harm. Examples: job security, stability of income, Pension plans etc., (iii) Affiliation/Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship. (iv) Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention. (v) Self Actualisation Needs: 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.	
29.	1) Social Environment-The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc. Traditions define social practices that have lasted for decades or even centuries. For example, the celebration of Diwali, Eid, Christmas, and Guru Parv in India provides significant financial opportunities for greeting card companies, sweets or confectionery manufacturers, tailoring outlets and many other related businesses. Values refer to concepts that a society holds in high esteem. Social trends present various opportunities and threats to business enterprises. 2) Technological Environment-Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business. For example, recent technological advances in computers and electronics have modified the ways in which companies advertise their products.	2+2=4 (1 mark each for identification and 1each mark for explanation)
30.	A) Concept identified is Coordination B) Characteristics of coordination are-(any three) 1.Coordination is a continuous process: Coordination is not a one-time function but a continuous process. It begins at the planning stage and	1+3=4 A)1mark for naming the concept+

	continues till controlling. 2.Coordination is an all pervasive function: Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. The purchase, production and sales departmental efforts have to be coordinated for achieving organisational objectives harmoniously. 3.Coordination integrates group efforts: Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled. 4. Coordination ensures unity of action: The purpose of coordination is to secure unity of action in the realisation of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. Coordination is the responsibility of all managers: Coordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans. 5. Coordination is a deliberate function: A manager has to coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives a direction to that willing spirit.	B) 1X3=3 (one mark for each correct statement)

31.	(A)Following are the factors determining the price of a product: 1. Product cost: 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. Generally, all marketing firms strive to cover all their costs, at least in the long run. In addition, they aim at earning a margin of profit over and above the costs. In certain circumstances, for example, at the time of introducing a new product or while entering a new market, the products may be sold at a price, which does not cover all the costs. But in the long run, a firm cannot survive unless at least all its costs are covered. Semi variable costs are those costs which vary with the level of activity but not in direct proportion with it. 2. Utility and Demand: 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. In fact the price must reflect the interest of both the parties to the transaction—the buyer and the seller. 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. The seller would, however, try to at least cover the costs. According to the law of demand, consumers usually purchase more units at a low price than at a high price. the maximum price for its products. 3. Marketing Methods Used: Price fixation process is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and promoted, these must be made available to customers at the right amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer services provided. Similarly, the uniqueness of any of the elements mentioned above gives the company a competitive freedom in fixing prices of its products. OR	2x3=6 (½ mark for the heading and 1 ½ marks for the explanation)

	(B)The concepts of branding, packaging and labelling as elements of product mix: Branding: One of the most important decisions that a marketer has to take in the area of 'product' is in respect of branding. If products were sold by generic names, it would be very difficult for him to decide whether the firm's products will be marketed under a brand name or a generic name. Thus, most marketers give a name to their product, which helps in identifying and distinguishing their products from the competitors' products. This process of giving a name or a sign or a symbol etc., to a product is called branding. Packaging: Packaging refers to the act of designing and producing the container or wrapper of a product. Packaging plays a very important role in the marketing success or failure of many products, particularly the consumer non-durable products. In fact if one makes an analysis of the reasons for the success of some of the successful products in the recent past, it can be noted that packaging has played its due role. Labelling: A simple looking but important task in the marketing of goods relates to designing the label to be put on the package. The label may vary from a simple tag attached to the product (such as in case of local unbranded products like sugar, wheat, pulses, etc.) indicating some information about the quality or price, to complex graphics that are part of the package, like the ones on branded products. Labels are useful in providing detailed information about the product, its contents, method of use, etc.	
32.	(a) The institution that provides the platform is the Stock Exchange. According to the Securities Contracts (Regulation) Act, 1956, Stock Exchange means anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business	1+1+4=6 1 mark for naming + 1 mark for

	of buying and selling or dealing in securities. (b) Functions of the institution discussed are: 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 a 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: Through the process of disinvestment and reinvestment savings get channelised into their most productive investment avenues. This leads to capital formation and economic growth.	definition+ 1x 4 (½ mark each for heading +½ mark each explanatio n)
33.	Decentralisation is a fundamental step and its importance can be understood from the following points: (Any four) (i) Develops initiative among subordinates: Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to make their own	1 ½ X 4=6 (½ mark for each heading and 1 mark for explanatio

	decisions they learn to depend on their own judgment. (ii) Develops managerial talent for the future: Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them a chance to prove their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions. (iii) Quick decision making: In a decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster. There are also less chances of information getting distorted because it doesn't have to go through long channels. (iv) Relief to top management: Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. Also, personal supervision is generally replaced by other forms of control such as return on investment etc. (v) Facilitates growth: Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the departments. (vi) Better control: Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. The extent of achievement of organisational objectives as well as the contribution of each department in meeting the overall objectives can be ascertained. Decentralisation compels the management to innovative performance measurement systems.	n)

34.	(A) a) Procedure-Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. They are specified in a chronological order. Procedures are specified steps to be followed in particular circumstances. They are generally meant for insiders to follow. The sequence of steps or actions to be taken are generally to enforce a policy and to attain pre-determined objectives. Policies and procedures are interlinked with each other. b) Strategy-A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organisation's direction and scope in the long run. Thus, we can say a strategy is a comprehensive plan.for accomplishing an organisation objectives. This comprehensive plan will include three dimensions, (i) determining long term objectives, (ii) adopting a particular course of action, and (iii) allocating resources necessary to achieve the objective. Whenever a strategy is formulated, the business environment needs to be taken into consideration c) Rule-Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plans because there is no compromise or change unless a policy decision is taken. OR (B) a) Planning facilitates decision making-Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions, thus helping in taking rational decisions. b) Planning reduces the risk of uncertainty- Planning is an activity which	2 X3=6 (½ mark for each heading and 1 ½ mark for explanation)

	enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed. c) Planning establishes standards of controlling-Planning involves setting of goals. Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. The nature of corrective action required depends upon the extent of deviations from the standard. Therefore, planning provides the basis of control.	