

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Term II Examination, 2022
Marking Scheme – SUBJECT NAME (SUBJECT CODE — 054)
(PAPER CODE — 66/1/3)

General Instructions: -

1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2. **“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc. may invite action under IPC.”**
3. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one’s own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them.**
4. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
5. Evaluators will mark(\checkmark) wherever answer is correct. For wrong answer ‘X’ be marked. Evaluators will not put right kind of mark while evaluating which gives an impression that answer is correct and no marks are awarded. **This is most common mistake which evaluators are committing.**
6. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totalled up and written in the left-hand margin and encircled. This may be followed strictly.

7. If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
8. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
9. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
10. A full scale of marks 0-40 has to be used. Please do not hesitate to award full marks if the answer deserves it.
11. Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 30 answer books per day in main subjects and 35 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
12. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-
 - Leaving answer or part thereof unassessed in an answer book.
 - Giving more marks for an answer than assigned to it.
 - Wrong totalling of marks awarded on a reply.
 - Wrong transfer of marks from the inside pages of the answer book to the title page.
 - Wrong question wise totalling on the title page.
 - Wrong totalling of marks of the two columns on the title page.
 - Wrong grand total.
 - Marks in words and figures not tallying.
 - Wrong transfer of marks from the answer book to online award list.
 - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.)
 - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
13. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0) Marks.

14. Any unassessed portion, non-carrying over of marks to the title page, or totalling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
15. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
16. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totalled and written in figures and words.
17. The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

MARKING SCHEME

Senior Secondary School Examination TERM–II, 2022

BUSINESS STUDIES (Subject Code — 054)

[Paper Code — 66/1/3]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. Identify and state the function of management which ensures that the organisational resources are being used effectively and efficiently for the achievement of pre-determined goals.</p> <p>Ans. Controlling</p> <p>Controlling is the function of management which <u>ensures that the activities in an organisation are performed as per plans</u> by comparing actual performance with the standards, finding out deviations and taking corrective action, if required.</p> <p>(or any other correct statement)</p>	<p>1 mark for identifying + 1 mark for statement = 2 marks</p>
2.	<p>Q. Identify and state the step in the process of staffing under which the charge of the job is given to the selected employee and he/she is introduced to his/her superiors, subordinates and colleagues.</p> <p>Ans. Placement and Orientation</p> <p>Placement refers to the <u>employee occupying the position</u> or post for which he has been selected while orientation involves <u>introducing the selected employee</u> to other employees and familiarising him with the rules and policies of the organisation.</p>	<p>1 mark for identifying + 1 mark for stating the step = 2 marks</p>
3.	<p>Q. Give the meaning of 'Informal Communication'.</p> <p>Ans. Informal communication is the communication that takes place <u>without following the formal lines of communication</u> and spreads throughout the organisation in all directions without regard to the levels of management.</p>	<p>2 marks</p>
4.	<p>Q. KLM Bank Ltd. is a leading bank with various branches across the country. On 27th Jan. 2022, it faced a sudden temporary shortage in cash balance in one of its branches. On the same day, it was decided by its directors to borrow funds from another bank for two days to maintain its cash reserve ratio.</p>	

	<p>Identify and explain the money market instrument used by XLM Bank Ltd. to meet its short term funds requirement.</p> <p>Ans. Call Money</p> <p>Call money is a method by which banks borrow from each other to be able to maintain the cash reserve ratio.</p>	<p>1 mark of identifying + 1 mark for its explanation = 2 marks</p>
5.	<p>Q. State any three factors affecting working capital requirements of a company.</p> <p>Ans. Factors affecting working capital requirements of a company (any three)</p> <p>(i) The nature of a business influences the amount of working capital required as a trading organisation usually needs a smaller amount of working capital compared to a manufacturing organisation. Service industries which usually do not have to maintain inventory require less working capital.</p> <p>(ii) Scale of operation is a factor affecting working capital as organisations which operate on a higher scale of operation require large amount of working capital as compared to the organisations which operate on a lower scale.</p> <p>(iii) Different phases of business cycles affect the requirement of working capital by a firm as in case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required while during depression, the requirement of working capital will be comparatively low.</p> <p>(iv) Seasonality in operations affects working capital requirements as in peak season, larger amount of working capital is required while the requirement for working capital will be lower during the lean season.</p> <p>(v) Working capital requirement is higher in firms with longer production cycle and lower in firms with shorter production cycle.</p> <p>(vi) A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital.</p>	<p>1 mark for each factor</p>

	<p>(vii) To the extent a firm avails the credit on purchases from its suppliers, the working capital requirement is reduced.</p> <p>(viii) Operating efficiency affects the requirement of working capital as firms which manage their operations efficiently may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital.</p> <p>(ix) Free and continuous availability of raw material will reduce the requirement of working capital whereas larger time lag between placement of order and receipt of material will lead to requirement of larger working capital.</p> <p>(x) If a firm has higher growth prospects, it will require larger amount of working capital so that it is able to meet higher production and sales target whenever required.</p> <p>(xi) Higher level of competition may necessitate larger stocks of finished goods to meet urgent orders from customers, thereby, increasing the working capital requirement.</p> <p>(xii) The working capital requirement of a business thus, become higher with higher rate of <u>inflation</u>.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>= 1 x 3 = 3 marks</p>
6.	<p>Q. Explain how controlling helps in 'accomplishing organisational goals and judging accuracy of standards'.</p> <p>Ans. Controlling helps in 'accomplishing organisational goals' by bringing to light the deviations and indicating corrective action. It guides the organisation and keeps it on the right track so that organisational goals might be achieved.</p> <p>Controlling helps in 'judging accuracy of standards' by reviewing and revising them in the light of organisational and environmental changes.</p>	<p>1½ marks +</p> <p>1½ marks = 3 marks</p>
7.	<p>Q. Nandita Srivastava is the Human Resource Manager of 'TM Infrastructure Ltd.' It is one of the largest construction companies in India. The company handles projects worth more than ₹18,000 crore.</p>	

	<p>The responsibilities of Nandita Srivastava include searching and hiring suitable people for different posts in the organisation.</p> <p>To measure certain characteristics of potential candidates, who apply for various vacancies, she is required to conduct a series of selection tests appropriate for different posts. These tests will help her to predict for which job the applicant will be successful, if hired.</p> <p>Explain any two types of selection tests that may be conducted by Nandita Srivastava to select the most suitable persons.</p> <p>Ans. The selection tests that may be conducted by Nandita Srivastava to select the most suitable persons are (any two):</p> <ul style="list-style-type: none"> (i) Intelligence Tests (ii) Aptitude Tests (iii) Personality Tests (iv) Trade Tests (v) Interest Tests 	<p>½ mark for naming each test + 1 mark for explanation</p> <p>= 1½ x 2 = 3 marks</p>
8.	<p>Q. What is meant by non-monetary incentives? State any two non-monetary incentives.</p> <p>Ans. Non-monetary incentives mean those incentives which emphasise on providing <u>psychological and emotional satisfaction</u> rather than money-driven satisfaction to employees.</p> <p>Non-monetary incentives (any two):</p> <ul style="list-style-type: none"> (i) Status refers to the <u>ranking of positions</u> in the organization indicated by authority, responsibility, rewards, recognition, perquisites and prestige of job given to a person holding a managerial position. (ii) Organisational climate indicates the <u>characteristics which describe an organisation</u> and influence the behaviour of individuals in the organisation. 	<p>1 mark for meaning</p> <p>+</p>

<p>(iii) Career Advancement Opportunity includes <u>opportunities provided to employees to improve their skills</u> and be promoted to the higher level jobs.</p> <p>(iv) Job Enrichment is concerned with designing jobs that include <u>greater variety of work content</u>, requiring higher level of knowledge and skill to provide a meaningful work experience.</p> <p>(v) Employee Recognition Programmes means <u>appreciating the work performed by employees</u> so that they feel motivated and perform at higher level.</p> <p>(vi) Job Security involves <u>giving stability about future income</u> and work to an employee so that he does not feel worried on these aspects and works with greater zeal.</p> <p>(vii) Employee Participation means <u>involving employees in decision-making</u> of the issues related to them.</p> <p>(viii) Employee Empowerment means <u>giving more autonomy and powers</u> to subordinates to make people feel that their jobs are important.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded)</p>	<p>1 mark for each incentive = 1 x 2 = 2 marks</p> <p>=1+2 =3 marks</p>
<p style="text-align: center;">OR</p> <p>Q. State any three benefits of training to the organisation.</p> <p>Ans. Benefits of training to an organisation (any three):</p> <p>(i) It is a systematic learning that helps to <u>avoid wastage of efforts</u> and money.</p> <p>(ii) It <u>enhances employee productivity</u> both in terms of quantity and quality, leading to higher profits.</p> <p>(iii) It <u>equips the future manager</u> who can take over in case of emergency.</p> <p>(iv) It <u>increases employee morale</u> and reduces absenteeism and employee turnover.</p> <p>(v) It helps in obtaining effective <u>response to fast changing economic and technological environment</u>.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded)</p>	<p style="text-align: center;">OR</p> <p>1 mark for each benefit</p> <p>= 1 x 3 = 3 marks</p>

9.	<p>Q. Explain the following rights of a consumer as per the Consumer Protection Act, 2019 :</p> <p>(i) Right to be heard.</p> <p>(ii) Right to Safety</p> <p>Ans.(i) Right to be heard:</p> <ul style="list-style-type: none"> • The consumer has a right to <u>file a complaint and to be heard</u> in case of dissatisfaction with a good or a service. • It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. Many consumer organisations are also working towards this direction and helping consumers in redressal of their grievances. <p>(ii) <u>Right to Safety</u>:</p> <ul style="list-style-type: none"> • The consumer has a right to be <u>protected against goods and services which are hazardous</u> to life, health and property. • Consumers are educated that they should use products which are standardised as this would be an assurance of such products meeting quality specifications. <p style="text-align: center;">OR</p> <p>Q. (i) Define a 'Consumer' as per Consumer Protection Act, 2019.</p> <p>(ii) As per the Consumer Protection Act, 2019, upto what value of defective goods or deficient services, can a complaint be filed at 'District Commission'?</p> <p>(iii) Within how many days can an appeal against the order of District Commission be made if any of the parties is not satisfied by its order?</p> <p>Ans.</p> <p>(i) As per Consumer Protection Act, 2019:-</p> <p>A consumer is a person who <u>buys any goods or avails services</u> for a consideration, which has been paid or promised, or partly paid or partly promised or under any scheme of deferred payment. It includes <u>any user of such goods</u> or beneficiary of services if such use is made with the approval of the buyer. It applies to <u>both offline and online</u> transactions.</p>	<p>2½ marks</p> <p>+</p> <p>2½ marks</p> <p>= 5 marks</p> <p style="text-align: center;">OR</p> <p>3 marks for the meaning</p> <p>+</p>
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	<p>(ii) If the value of defective goods or deficient services upto <u>rupees one crore</u>, a complaint can be filed at the <u>District Commission</u>.</p> <p>(iii) An appeal against the order of District Commission can be made if any of the parties is not satisfied by its order within <u>a period of 45 days of passing of such an order</u>.</p>	<p>1 mark +</p> <p>1 mark = 3+1+1 = 5 marks</p>																		
10.	<p>Q. Differentiate between 'Primary Market' and 'Secondary Market' on any five basis.</p> <p>Ans. Differentiation between Primary Market and Secondary Market (any five):</p> <table border="1"> <thead> <tr> <th></th><th><i>Primary Market</i></th><th><i>Secondary Market</i></th></tr> </thead> <tbody> <tr> <td>(i)</td><td>There is sale of securities by new companies or new issues of securities by existing companies to investors.</td><td>There is trading of existing shares only.</td></tr> <tr> <td>(ii)</td><td>Securities are sold by the company to the investor directly or through an intermediary.</td><td>Ownership of existing securities is exchanged between investors while the company is not involved.</td></tr> <tr> <td>(iii)</td><td>The flow of funds is from savers to investors, i.e., primary market directly promotes capital formation.</td><td>It enhances encashability of shares, i.e., it indirectly promotes capital formation.</td></tr> <tr> <td>(iv)</td><td>Only buying of securities takes place in the primary market, securities cannot be sold there.</td><td>Both buying and selling of securities can take place on the stock exchange.</td></tr> <tr> <td>(v)</td><td>Prices are determined and decided by the management of the company.</td><td>Prices are determined by demand and supply of the security.</td></tr> </tbody> </table>		<i>Primary Market</i>	<i>Secondary Market</i>	(i)	There is sale of securities by new companies or new issues of securities by existing companies to investors.	There is trading of existing shares only.	(ii)	Securities are sold by the company to the investor directly or through an intermediary.	Ownership of existing securities is exchanged between investors while the company is not involved.	(iii)	The flow of funds is from savers to investors, i.e., primary market directly promotes capital formation.	It enhances encashability of shares, i.e., it indirectly promotes capital formation.	(iv)	Only buying of securities takes place in the primary market, securities cannot be sold there.	Both buying and selling of securities can take place on the stock exchange.	(v)	Prices are determined and decided by the management of the company.	Prices are determined by demand and supply of the security.	<p>1 mark for each point of difference</p> <p>= 1×5 = 5 marks</p>
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	(vi)	There is no fixed geographical location.	The location is at specified places.	
11.	<p>Q. Gautam Natarajan is the founder of 'Brewed Beans Coffee', a famous chain of 21 outlets in South India, selling high quality filter coffee.</p> <p>He is known for his leadership and vision. He believes that human resources, are the most important assets of an organisation. He often quotes, "The right people can help you take your business to the top, the wrong people can break. your business." This is the reason he considers the function of management that fills the various positions in the organisation structure to be the most critical and fundamental to organisational performance.</p> <p>(a) Identify the function of management that has been emphasised by Gautam Natarajan.</p> <p>(b) State any four points of importance of function identified in (a) above.</p> <p>Ans.</p> <p>(a) Staffing</p> <p>(b) Importance of Staffing (any four):</p> <p>(i) It helps in discovering and <u>obtaining competent personnel</u> for various jobs.</p> <p>(ii) It makes for <u>higher performance</u> by putting right person on the right job.</p> <p>(iii) It ensures <u>continuous survival and growth</u> of the enterprise through the succession planning for managers.</p> <p>(iv) It helps to <u>ensure optimum utilisation of human resources by avoiding</u> overmanning and under-utilisation of personnel.</p> <p>(v) It <u>improves job satisfaction</u> and morale of employees through objective assessment and fair rewarding of their contribution.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>			<p>1 mark for identifying +</p> <p>1 mark for each point of importance = 1 x 4 = 4 marks</p> <p>= 5 marks</p>
12.	<p>Q. Anurag Tiwari is a famous news reader. He has recently started a news company 'Axis Media Corporation Ltd.'. The aim of this company is to launch a 24-hour Hindi news channel to broadcast latest news from India and around the world.</p> <p>For this new venture, the company will have to decide how to invest funds in different assets. The purchase of few assets like equipment, computers, vehicles, etc. will involve committing the finance on a long-term basis. It will affect</p>			

	<p>earning capacity of the business in the long run. Therefore, the company needs to take the decision to invest in such assets with utmost care.</p> <p>(a) Identify and state the type of investment decision discussed in the above paragraph.</p> <p>(b) State any three factors which affect the decision identified in (a) above.</p> <p>Ans.</p> <p>(a) Long Term Investment Decision/Capital Budgeting: A long-term investment decision (also called capital budgeting) involves committing funds on a long-term basis and affect its earning capacity in the long run.</p> <p>(b) Factors affecting long-term Investment Decision/Capital Budgeting decision: (any three)</p> <p>(i) The amount of cash flows of the project should be carefully analysed before considering a capital budgeting decision, which may be in the form of a series of cash receipts and payments over the life of an investment.</p> <p>(ii) The expected rate of return from each proposal and the assessment of risk involved are important factors while taking capital budgeting decisions.</p> <p>(vi) Several investment criteria may be used to evaluate investment proposals regarding the amount of investment, interest rate, cash flows and rate of return, etc., before taking the decision to invest in a particular project.</p> <p style="text-align: center;">OR</p> <p>Q. 'Reliable Labs Ltd.' is a trusted name in diagnostic services with seven branches spread across the city of Pune. The directors of this company have projected that with the rise in health consciousness in the society and the rising burden of chronic diseases, the demand for diagnostic tests is expected to grow in future. Considering this, they decided to open branches of their diagnostic labs in Ahmedabad.</p> <p>It was estimated that it will require ₹100 crore of additional funds. The directors have to take the decision about how much funds should be raised from equity capital and how much from debt. It will affect the overall cost of capital and the financial risk of the company.</p> <p>(a) Identify and state the financial decision discussed in the above para- graph.</p>	<p>1 mark for identifying + 1 mark for stating = 2 marks</p> <p>+ 1 mark for each factor = 1 x 3 = 3 marks</p> <p>= 2+3 = 5 marks</p> <p style="text-align: center;">OR</p>
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<p>(b) State any three factors that should be kept in mind by the Board of Directors of 'Reliable Labs Ltd.', while taking the decision identified in above.</p> <p>Ans.</p> <p>(a) Financing decision</p> <p>Financing decision involves decision about the <u>quantum of finance</u> to raise from various long-term sources.</p> <p>(b) Factors that should be kept in mind by the Board of Directors of 'Reliable Labs Ltd' while taking the above decision (any three):</p> <p>(i) The cost of raising funds through different sources are different and a prudent financial manager would normally opt for a source which is the cheapest.</p> <p>(ii) The risk associated with each of the sources is different.</p> <p>(iii) Higher the floatation cost, less attractive the source.</p> <p>(iv) A stronger cash flow position may make debt financing more viable than funding through equity.</p> <p>(v) If a business has high fixed operating costs, it must reduce fixed financing costs, thus, lower debt financing is better.</p> <p>(vi) Issues of more equity may lead to dilution of management's control over the business while debt financing has no such implication.</p> <p>(vii) State of the capital market may also affect the choice of source of fund as during the period when stock market is rising, more people invest in equity, whereas depressed capital market may make issue of equity shares difficult for any company.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>1 mark for identifying + 1 mark for stating = 2 marks</p> <p>+</p> <p>1 mark for each factor = 1 x 3 = 3 marks</p> <p>= 2+3 = 5 marks</p>
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