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Senior Secondary School Term II Examination, 2022

Marking Scheme – BUSINESS STUDIES (SUBJECT CODE – 054)

(PAPER CODE – 66/3/3)

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 – 66/3/3]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. 'Gujarat Textiles Ltd.' needs to raise a fund of ₹ 80 crore. It cannot afford the cost of a public issue, so it was decided to allot its equity shares to institutional investors like LIC and some selected investors.</p> <p>Identify and explain the method of floating new issues used by 'Gujarat Textiles Ltd'.</p> <p>Ans. Private Placement</p> <p>Private placement is the allotment of securities by a company to <u>institutional investors and some selected individuals.</u></p>	<p>1 mark for identification + 1 mark for its explanation = 2 marks</p>
2.	<p>Q. One of the functions of management completes one cycle of management process and improves planning in the next cycle in the light of the problems that were identified in the existing plans.</p> <p>Identify and state the function of management discussed above.</p> <p>Ans. Controlling</p> <p>Controlling means <u>ensuring 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 identification + 1 mark for the statement = 2 marks</p>
3.	<p>Q. Give the meaning of 'Free Rein style of Leadership'.</p> <p>Ans In free-rein leadership, the leader <u>does not believe in the use of power</u> unless it is essential. He gives a high degree of independence to his followers to formulate their own objectives and ways to achieve.</p> <p>(or any other correct meaning)</p>	<p>2 marks</p>

4.	<p>Q. Identify and state the step in the process of staffing which creates a pool of prospective job seekers for vacancies in the organisation.</p> <p>Ans. Recruitment</p> <p>Recruitment is the process of <u>searching for prospective employees</u> and stimulating them to apply for jobs in the organisation.</p>	<p>1 mark for identification + 1 mark for its explanation = 2 marks</p>
5.	<p>Q. Explain how controlling helps in 'making efficient use of resources' and 'improving employee motivation'.</p> <p>Ans.</p> <p>Controlling helps in making efficient use of resources as each activity is performed in accordance with predetermined standards, thereby, reducing wastage and spoilage of resources.</p> <p>Controlling helps in improving employee motivation by ensuring them in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised.</p>	<p>1½ marks + 1½ marks = 3 marks</p>
6.	<p>Q. The Human Resource Department of 'Oberoi's Airlines Pvt. Ltd.' has recently selected 11 pilots. The new pilots have to handle sophisticated equipment. For this, the Human Resource Manager wants to design an off'-the-job training programme which will help them to improve their performance on their jobs. Identify and explain the method of training that can be used by the company in the given situation.</p> <p>Ans. Vestibule training</p> <ul style="list-style-type: none"> • In this method, the employees learn their jobs on the equipment they will be using but the <u>training is conducted away from the actual work floor.</u> 	<p>1 mark for identification + 2 marks for explanation</p>

	<ul style="list-style-type: none"> This method is used when employees are required to handle sophisticated machinery and equipment. 	= 3 marks
7.	<p>Q. What is meant by financial incentives? State any two financial incentives.</p> <p>Ans. Financial incentives refer to <u>incentives which are in direct monetary form</u> or measurable in monetary terms and serve to motivate people for better performance.</p> <p>Financial incentives (any two):</p> <ul style="list-style-type: none"> (i) Pay and allowances include basic pay, dearness allowance and other allowances given to employees. (ii) Productivity linked wage incentives aim at linking payment of wages to increase in productivity at individual or group level. (iii) Bonus is an incentive offered over and above the wages/salaries to the employees for higher performance. (iv) Profit- sharing means providing a share to employees in the profits of the organisation. (v) Co-partnership/stock option is an incentive in which employees are offered company shares at a set price, which is lower than market price, to create a feeling of ownership and make them contribute for the growth of the organisation. (vi) Retirement benefits such as provident fund, pension and gratuity, which provide financial security to employees after their retirement, act as an incentive when they are in service in the organisation. (vii) Perquisites such as car allowance, housing and medical aid, etc., are offered to employees over and above the salary to provide motivation to them. 	<p>1 mark for the meaning</p> <p>+</p> <p>1 mark for each financial incentive = 1 x 2 = 2 marks</p> <p>= 1+2 =3 marks</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>Q. State any three benefits of training to employees.</p> <p>Ans Benefits of training to employees (any three):</p> <ul style="list-style-type: none"> (i) Improved skills and knowledge due to training lead to <u>better career</u> of the individual. (ii) Increased performance by the individual help him to <u>earn more</u>. (iii) Training makes the employee more <u>efficient to handle</u> machines, thus, less prone to accidents. (iv) Training increases the <u>satisfaction and morale</u> of employees. <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 style="text-align: center;">= 1 x 3 = 3 marks</p>
8.	<p>Q. State any three factors affecting dividend decision of a company.</p> <p>Ans. Factors affecting dividend decision are (any three):</p> <ul style="list-style-type: none"> (a) Amount of earnings: Earnings is a major determinant of the decision about dividend as dividends are paid out of current and past earnings. (b) Stability of Earnings: A company which has stable earnings is in a better position to declare higher dividends in comparison of those companies with unstable earnings. (c) Stability of Dividends: The companies having policy of stabilizing dividend per share, do not alter if the change in earnings is small or seen to be temporary in nature. (d) Growth Opportunities: Companies having good growth opportunities retain more money out of their earnings to finance the required investment, therefore, the dividend in 	<p>1 mark for each factor</p>

	<p>growth companies is smaller than that in the non-growth companies.</p> <p>(e) Cash Flow position: Availability of enough cash in the company is necessary for declaration of dividend because a company may be profitable but short on cash.</p> <p>(f) Shareholders Preference: While declaring dividends, managements must keep in mind the preferences of the shareholders in this regard and if the shareholders in general desire that at least a certain amount is paid as dividend, the companies are likely to declare the same.</p> <p>(g) Taxation Policy: If tax on dividend is higher, it is better to pay less by way of dividends, whereas higher dividends may be declared if tax rates are relatively lower.</p> <p>(i) Stock Market Reaction: The possible impact of dividend policy on the equity share price is one of the important factors considered by the management while taking a decision about it, as investors, view an increase in dividend as good news and stock prices react positively to it.</p> <p>(j) Access to the capital market: Large and reputed companies which have easy access to the capital market, depend less on retained earnings to finance their growth and, thus, tend to pay higher dividends than smaller companies which have relatively low access to the market.</p> <p>(j) Legal constraints: Certain provisions of the Companies Act place restrictions on pay-outs as dividend which must be adhered to while declaring the dividend.</p>	<p>= 1 x 3 = 3 marks</p>
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	<p>(k) Contractual constraints: The companies are required to ensure that the payment of dividend does not violate the terms of any contract entered by the company.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p> <p>(No marks to be deducted if headings are not given)</p>	
9.	<p>Q Explain the following rights of a consumer as per the Consumer Protection Act, 2019 :</p> <p>(i) Right to seek redressal</p> <p>(ii) Right to safety</p> <p>Ans (i) Right to seek redressal:</p> <ul style="list-style-type: none"> The consumer has a <u>right to get relief</u> in case the product or service falls short of his expectations. The Consumer Protection Act, 2019 provides a number of reliefs to the consumers including replacement of the product, removal of defect, compensation paid for any loss or injury suffered by consumer, etc. <p>(ii) Right to Safety:</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>2½ marks</p> <p style="text-align: center;">+</p> <p>2½ marks</p> <p style="text-align: center;">= 5 marks</p> <p style="text-align: center;">OR</p>

	<p>Q. State any five responsibilities that should be kept in mind by a consumer while purchasing, using and consuming goods and services.</p> <p>Ans Responsibilities that should be kept in mind by a consumer while purchasing, using and consuming goods and services (any five):</p> <ul style="list-style-type: none"> (i) <u>Be aware about the various goods</u> and services available in the market, so that intelligent and wise choice can be made. (ii) <u>Buy only standardized goods</u> as they provide quality assurance. (iii) <u>Learn about the risk associated</u> with products and services, follow manufacturers instructions and use the products safely. (iv) <u>Read labels carefully</u> to have information about prices, net weight, manufacturing and expiry dates etc. (v) <u>Assert yourself</u> to ensure that you get a fair deal. (vi) <u>Be honest in your dealings and</u> choose only from legal goods and services and discourage unscrupulous practices. (vii) <u>Ask for a cash memo</u> on purchase of goods and services as this would serve as a proof of the purchase made. (viii) <u>File a complaint</u> in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. (ix) <u>Form consumer societies</u> which would play an active part in educating consumers and safeguarding their interests. (x) <u>Respect the environment.</u> Avoid waste, littering and contributing to pollution. 	<p>1 mark for each responsibility</p> <p>= 1 x 5 = 5 marks</p>
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	(If an examinee has only listed the points, ½ mark for each point should be awarded.)	
10.	<p>Q. Explain 'Commercial Paper' and 'Treasury Bills' as Money Market Instruments.</p> <p>Ans. <u>Commercial paper (any two points):</u></p> <ul style="list-style-type: none"> • Commercial paper is a <u>short-term unsecured promissory note</u>, negotiable and transferable by endorsement and delivery with a fixed maturity period. • It is issued by <u>large and creditworthy companies</u> to raise short-term funds at lower rates of interest than market rates. • It usually has a maturity period of <u>15 days to one year</u>. • It may be used to provide short-term funds for <u>seasonal and working capital needs</u> or bridge financing. <p><u>Treasury bills (any two points) :</u></p> <ul style="list-style-type: none"> • A treasury bill is an instrument of <u>short-term borrowing by the Government of India</u>, maturing in less than one year. • They are <u>issued by the Reserve Bank of India</u> on behalf of the Central Government to meet its short-term requirement of funds. • They are issued in the form of <u>promissory notes</u> and are highly liquid and have negligible risk of default. • They are issued at a <u>price which is lower than their face value</u> and repaid at par and are also known as Zero Coupon Bonds. • They are available for a <u>minimum amount of ₹25,000/-</u> and in multiples thereof. 	<p>2½ marks</p> <p>+</p> <p>2½ marks</p> <p>= 5 marks</p>
11.	The Human Resource Manager of Alfa Ltd., a leading air-conditioner manufacturer requires employees for various posts. He wanted to opt for a source of recruitment where background of potential candidates is sufficiently known. He knew that applicants	

	<p>introduced by present employees or their friends and relatives may prove to be a good source of recruitment.</p> <p>(i) Identify the extremal source of recruitment discussed in the above paragraph.</p> <p>(ii) State any four advantages of external sources of recruitment.</p> <p>Ans.</p> <p>(i) Recommendation of Employees</p> <p>(ii) Advantages of using External sources</p> <p>(a) By using external sources of recruitment, the management can attract qualified and trained people to apply for vacant jobs in the organisation.</p> <p>(b) When external sources are used, the management has a wider choice while selecting the people for employment.</p> <p>(c) External recruitment brings fresh talent in the organisation when present employees may be insufficient or do not fulfil the job specifications.</p> <p>(d) If a company taps external sources, the existing staff will have competitive spirit and work harder to show better performance.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for each advantage = 1 x 4 = 4 marks</p> <p>= 1 + 4 = 5 marks</p>
12.	<p>Q. NB Ltd. is India's largest manufacturer of cement. Its operations are spread throughout the country with 17 modern cement factories. It has a work force of 9,000 persons.</p> <p>Since its inception, the company has been a trendsetter for the cement industry. The company is planning to grow in the long-run and wants to double its capacity in the next 3 years.</p>	

	<p>For this the Finance Manager has to decide about the quantum of finance to be raised from various long-term sources. For this he needs to identify various available sources of funds and the proportion of funds from each source.</p> <p>(i) Identify the financial decision to be taken by the Finance Manager.</p> <p>(ii) State any four factors which would affect the decision identified in (i) above.</p> <p>Ans.</p> <p>(i) Financing decision</p> <p>(ii) Factors affecting financing decision (any four):</p> <p><i>(a)</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><i>(b)</i> The risk associated with each of the sources is different.</p> <p><i>(c)</i> Higher the floatation cost, less attractive the source.</p> <p><i>(d)</i> A stronger cash flow position may make debt financing more viable than funding through equity.</p> <p><i>(e)</i> If a business has high fixed operating costs, it must reduce fixed financing costs, thus, lower debt financing is better.</p> <p><i>(f)</i> Issues of more equity may lead to dilution of management's control over the business while debt financing has no such implication.</p> <p><i>(g)</i> 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</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for each factor = 1 x 4 = 4 marks</p> <p>= 1 + 4 = 5 marks</p>
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	<p>depressed capital market may make issue of equity shares difficult for any company. (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>Q. Myra Ltd., manufacturing televisions, is planning to expand its business and requires ₹250 crore for the same. A number of projects are available to the company to invest in and each project has to be evaluated carefully. The Finance Manager of the company has assessed the projects in terms of the rate of return from each project and wanted to select the one with the higher rate of return. But before selecting the project he has to take into consideration other factors also.</p> <p>(i) Identify and state the financial decision discussed in the above para graph.</p> <p>(ii) Explain two other factors that the Finance Manager should consider before selecting the project.</p> <p>Ans.</p> <p>(i) Investment decision The investment decision relates to how the firm's funds are invested in different assets.</p> <p>(ii) Two other factors that Dheeraj needs to consider before selecting / rejecting any project:</p> <ul style="list-style-type: none"> • Cash flows of the project • Investment criteria involved 	<p style="text-align: center;">OR</p> <p>1 mark for identification + 1 mark for statement =2 marks</p> <p style="text-align: center;">+</p> <p>½ mark for naming each factor+ 1 mark for its explanation = 3 marks</p> <p>= 2+3 marks = 5 marks</p>
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