

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Term II Examination, 2022
Marking Scheme – BUSINESS STUDIES (SUBJECT CODE – 054)
(PAPER CODE – 66/5/3)

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($\sqrt{}$) 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: 66/5/3]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. 'Due to various malpractices and multiplied investors grievances the Govt. of India decided to set-up a separate regulatory body to protect the interest of investors and to regulate the securities market.'</p> <p>(a) Identify the regulatory body set-up by Govt. of India for the above stated purpose.</p> <p>(b) State any one objective of the regulatory body identified in (a) above.</p> <p>Ans.</p> <p>(a) Securities and Exchange Board of India (SEBI)</p> <p>(b) Objectives of SEBI (any one):</p> <p>(i) To <u>regulate the stock exchanges</u> and the securities industry to promote their orderly functioning.</p> <p>(ii) To <u>protect the rights and interest of investors</u>, particularly individual investors and to guide and educate them.</p> <p>(iii) To <u>prevent trading malpractices</u> and achieve a balance between self-regulation by the securities industry and its statutory regulation.</p> <p>(iv) To regulate and <u>develop a code of conduct</u> and fair practices by intermediaries like brokers, merchant bankers, etc. with a view to making them competitive and professional.</p>	<p>1 mark for identifying</p> <p style="text-align: center;">+</p> <p>1 mark for stating the objective</p> <p style="text-align: center;">= 1+1 = 2 marks</p>
2.	<p>Q. 'External sources of recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.'</p> <p>Give two situations when external sources may be used without dissatisfying the existing employees.</p> <p>Ans. Two situations when external sources may be used without dissatisfying the existing employees are (Any two):</p> <p>(i) When existing staff may not fulfil the <u>eligibility criteria/specifications</u> of the jobs to be filled.</p>	<p>1 mark for stating each situation</p>

	<p>(ii) When existing staff is <u>insufficient</u> to fill the required job positions.</p> <p>(iii) When a vacancy exists at the <u>lowest level</u>. (or any other correct situation)</p>	<p>=1×2 = 2 marks</p>
3.	<p>Q. 'Estimating manpower requirements is not merely knowing how many persons we need.' What else is needed while estimating manpower requirements? State any two points.</p> <p>Ans. While estimating manpower requirements, in addition to knowing how many persons we need, we need to know:</p> <p>(i) <u>Type of persons</u>/human resources needed.</p> <p>(ii) <u>Number and type of persons available</u> (or work force analysis)</p>	<p>1 mark for stating each point = 1×2 = 2 marks</p>
4.	<p>Q. 'Analysing deviations' is an important step in the process of controlling. It is therefore important to bring significant deviations to the notice of the management which go beyond the permissible limit.</p> <p>Identify and give the meaning of the concept discussed above.</p> <p>Ans. Management by Exception.</p> <p>Management by Exception is a principle of management control, based on the belief, that 'an attempt to control everything results in controlling nothing'. Therefore, only significant deviations which go beyond the permissible limit should be brought to the notice of management.</p>	<p>1 mark for identification of concept + 1 mark for its meaning = 2 marks</p>
5.	<p>Q. Name and give the meaning of the concepts that are highlighted in the following statements:</p> <p>(a) It improves the performance of employees on the current job or prepares them for any intended job.</p> <p>(b) It not only improves the job performance of the employees but also brings about growth of the personality.</p> <p>Ans.</p>	<p>1 mark for naming each concept + ½ mark for its meaning</p>

	<p>(a) Training: It is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.</p> <p>(b) Development: It refers to the learning opportunities designed to help the employees grow and progress towards maturity and actualization of their potential capacities.</p>	<p>= 1 ½ x 2 = 3 marks</p>
6.	<p>Q. Explain 'Private Placement' and 'Rights Issue' as methods of floatation of new issues in the primary market.</p> <p>Ans.</p> <p>Private Placement</p> <ul style="list-style-type: none"> • Private placement is the allotment of securities by a company to <u>institutional investors and some selected individuals</u>. • This method of raising capital is quicker and inexpensive as compared to public issue. <p>Rights Issue:</p> <ul style="list-style-type: none"> • In this method, the <u>existing shareholders are offered the 'right'</u> to buy new shares in proportion to the number of shares they already possess. • It is a privilege given to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. 	<p>1½ marks</p> <p>+</p> <p>1½ marks</p> <p>= 3 marks</p>
7.	<p>Q(a). State any three points of importance of 'Controlling' function of management.</p> <p>Ans. Importance of Controlling function (any three points):</p> <p>(i) Controlling measures progress towards the organizational goals and brings to light the deviations, if any, and indicates corrective action, thereby, helping in accomplishing organizational goals.</p> <p>(ii) Controlling helps in judging the accuracy of standards by keeping a careful check on the changes taking place in</p>	<p>1 mark for stating each point</p>

	<p>the organization and in the environment and reviewing and revising the standards in light of such changes.</p> <p>(iii) 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>(iv) 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>(v) Controlling ensures order and discipline in the organisation by minimizing dishonest behaviour on the part of employees by keeping a close check on their activities.</p> <p>(vi) Controlling facilitates co-ordination in action by directing all activities and efforts for achieving organizational goals as each department and employee is governed by pre-determined standards which are well co-ordinated with one another.</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(b) State any three points of importance of 'Directing' function of management.</p> <p>Ans. Importance of Directing function (any three points):</p> <p>(i) Directing helps to initiate action by people in the organization towards attainment of desired objectives by guiding the people and clarifying the doubts in performing a task.</p> <p>(ii) Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organizational performance.</p> <p>(iii) Directing guides employees to fully realize their potential and capabilities by motivating and providing effective leadership.</p>	<p style="text-align: right;">=1×3 = 3 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: right;">1 mark for stating each point</p>
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	<p>(iv) Directing facilitates introduction of needed changes in the organization through effective motivation, communication and leadership.</p> <p>(v) Directing helps to bring stability and balance in the organization by fostering co-operation and commitment among the people.</p> <p>(If an examinee has only listed the points, ½ mark for each point should be awarded.)</p>	<p>=1×3 = 3 marks</p>
8.	<p>Q. Agrima, Arunima and Avika are pursuing MBA from a reputed institution. Now it is the time of their placement.</p> <p>Agrima wants to work in a company which would provide her more authority for fulfilling her duties and will give recognition, rewards, perquisites and prestige of job.</p> <p>Arunima wants to work in an organisation in which behaviour of individuals is influenced by its characteristics like autonomy, reward orientation, consideration to employees, risk taking etc.</p> <p>Avika wants to join the organisation which has appropriate skill development programmes and sound promotion policy that encourages employees to exhibit improved performance.</p> <p>Identify and state the incentives about which Agrima, Arunima and Avika are talking about.</p> <p>Ans. Agrima is talking about ‘Status’ which means ranking of positions in the organization.</p> <p><u>Arunima</u> is talking about ‘Organizational climate’ which indicates the characteristics describing an organization and distinguish one organization from the other.</p> <p>Avika is talking about ‘Career Advancement Opportunity’ which means managers should provide opportunity to employees to improve their skills and be promoted to the higher-level jobs.</p>	<p>½ mark for identifying each incentive + ½ mark for stating the incentive</p> <p>= 1 x 3 = 3 marks</p>
9.	<p>Q(a). Explain the following rights of a consumer as provided by Consumer Protection Act, 2019:</p> <p>(i) Right to Seek Redressal</p> <p>(ii) Right to Consumer Education</p>	

	<p>Ans.(a)</p> <p>(i)Right to seek redressal:</p> <ul style="list-style-type: none"> • The consumer has a right to get relief 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 consumer education:</p> <ul style="list-style-type: none"> • The consumer has a right to acquire knowledge about his rights and reliefs available to him in case of a product or service is falling short of his expectation and to be a well informed consumer throughout life, • Many consumer organisations and businesses are educating consumers in this respect. <p style="text-align: center;">OR</p> <p>Q. (b) Give the meaning of 'Consumer' as per Consumer Protection Act, 2019. Also state when can a consumer complain directly in the 'State Commission' and 'National Commission'? If the consumer is not satisfied with the decision of 'State Commission' and 'National Commission' where can he/ she appeal?</p> <p>Ans. Meaning of Consumer As per Consumer Protection Act, 2019: A consumer is a person <u>who buys any goods or avails services</u> for a consideration which has been paid or promised, or partly paid and partly promised or under any scheme of deferred payment. It includes any <u>user of such goods</u> or beneficiary of services if such use is made with the approval of the buyer. It applies to both <u>online and offline</u> transactions.</p> <ul style="list-style-type: none"> • Where value of goods and services paid as consideration exceeds <u>Rupees One Crore but does not exceed Rupees Ten Crores</u>, a customer can directly complain in <u>State Commission</u>. 	<p>2 ½ marks</p> <p style="text-align: center;">+</p> <p>2½ marks</p> <p>= 5 marks</p> <p style="text-align: center;">OR</p> <p>2 marks for the meaning</p> <p style="text-align: center;">+</p> <p>1 mark</p> <p style="text-align: center;">+</p>
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	<p>Where value of goods and services paid as consideration exceeds <u>Rupees Ten Crores</u>, a customer can directly complain in <u>National Commission</u>.</p> <p>• If the consumer is not satisfied with the decision of <u>State Commission</u>, he/she can appeal in <u>National Commission</u>.</p> <p>If the consumer is not satisfied with the decision of <u>National Commission</u>, he/she can appeal to Supreme Court.</p>	<p>1 mark +</p> <p>½ mark +</p> <p>½ mark</p> <p>= 5 marks</p>												
10.	<p>Q. State the difference between 'Capital Market' and 'Money Market' on any five basis.</p> <p>Ans. Difference between Capital Market and Money Market (any five):</p> <table border="1"> <thead> <tr> <th><i>Basis</i></th><th><i>Capital Market</i></th><th><i>Money Market</i></th></tr> </thead> <tbody> <tr> <td>1. Participants</td><td>Financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public.</td><td>Institutional participants such as RBI, banks, financial institutions and finance companies.</td></tr> <tr> <td>2. Instruments</td><td>Instruments traded are Equity shares, debenture, bonds, preference shares, etc.</td><td>Instruments traded are : Short-term debt instruments such as—T. bills, trade bills, reports, commercial paper and certificates of deposit.</td></tr> <tr> <td>3. Investment outlay</td><td>Investments do not necessarily require a huge financial outlay the value of units of securities is</td><td>Transactions entail huge sums of money as the instruments are quite expensive.</td></tr> </tbody> </table>	<i>Basis</i>	<i>Capital Market</i>	<i>Money Market</i>	1. Participants	Financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public.	Institutional participants such as RBI, banks, financial institutions and finance companies.	2. Instruments	Instruments traded are Equity shares, debenture, bonds, preference shares, etc.	Instruments traded are : Short-term debt instruments such as—T. bills, trade bills, reports, commercial paper and certificates of deposit.	3. Investment outlay	Investments do not necessarily require a huge financial outlay the value of units of securities is	Transactions entail huge sums of money as the instruments are quite expensive.	<p>1 mark for each point of difference</p>
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		generally low, i.e., ₹ 10, ₹ 100 and so on.		<p style="text-align: center;">=1×5 = 5 marks</p>
	4. Duration	Deals in medium and long-term securities.	Deals in securities having maximum tenure of one year and may even be issued for a single day.	
	5. Liquidity	Securities are considered liquid investments because they are marketable on the stock exchanges but for some shares it is not easy to find a buyer.	As compared to capital market money market instruments have higher degree of liquidity as there is a formal arrangement for this.	
	6. Safety	Riskier in respect of returns and principal repayment.	Much safer with a minimum risk of default.	
	7. Expected return	Higher return, if securities are held for a longer period.	As compared to capital market the return is lower.	
11.	<p>Q. Asha is living in a small village of Rajasthan. Her mother has good culinary skills. Inspired from her mother she joined a course of 'Food and Beverages Production' in Jaipur. After completing her course she asked her mother to open a sweets shop in Jaipur, to which her mother agreed. The business was doing well and had started growing. To expand her business she felt the need of additional personnel. Instead of selecting personnel from any other source she thought of helping her relatives and appointed five of them. But after doing all efforts she found that none of her relatives were providing satisfactory service leading to lower productivity. Also, the quality of the products started deteriorating.</p>			

	<p>This made Asha to realise that the ability of an organisation to achieve its goals depends upon the quality of its human resources. This was ignored by her at the time of selecting the personnel for her expansion programme.</p> <p>(a) Identify and state the function of management which could have helped Asha at the time of fulfilling her need of additional personnel in the organisation.</p> <p>(b) State any three benefits of the function identified in (a) above.</p> <p>Ans. The function of management which could have helped Asha at the time of fulfilling her need of additional personnel in the organization is Staffing.</p> <p>Staffing is the function of management which is concerned with obtaining, utilizing and maintaining a satisfactory and satisfied workforce.</p> <p>(or any other correct meaning)</p> <p>(b)Benefits of Staffing function (any three points):</p> <p>(i) It helps in discovering and obtaining competent personnel for various jobs.</p> <p>(ii) It helps in higher performance by putting the right person on the right job.</p> <p>(iii) It ensures the continuous survival and growth of the enterprise through the succession planning for managers.</p> <p>(iv) It helps to ensure optimum utilization of human resources by avoiding overmanning and also indicating in advance the shortages of personnel.</p> <p>(v) It improves job satisfaction and morale of employees through objective assessment and fair reward 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 identification +</p> <p>1 mark for stating it = 2 marks</p> <p>+</p> <p>1 mark for stating each benefit = 1×3</p> <p>= 2 +3 = 5 marks</p>
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12.	<p>Q.(a) Ananta Ltd. is a company dealing in ready-made garments from last many years. Recently the profit of the company have started increasing. The finance manager decided to retain the profit instead of distributing it among shareholders.</p> <p>(i) Identify and state the financial decision taken by finance manager in the above case.</p> <p>(ii) State any three factors affecting the decision identified in (i) above.</p> <p>Ans.(i) Dividend Decision Dividend decision is concerned with the decision about how much of the profit earned by company is to be distributed to the shareholders and how much of it should be retained in the business.</p> <p>(i) Factors affecting dividend decision are (any three):</p> <p>(a) Amount of earnings: Earnings is a major determinant of the decision about dividend as dividends are paid out of current and past earnings.</p> <p>(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.</p> <p>(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.</p> <p>(d) Growth Opportunities: Companies having good growth opportunities retain more money out of their earnings to finance the required investment, therefore, the dividend in 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</p>	<p>1 mark for identification + 1 mark for stating it = 2 marks</p> <p>+ 1 mark for stating each factor = 1×3 = 3 marks</p>
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	<p>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>(h) 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>(i) 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 payouts as dividend which must be adhered to while declaring the dividend.</p> <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 style="text-align: center;">OR</p> <p>Q(b) Ravi has joined as a finance manager in MTA Ltd. He had to arrange funds of rupees one crore for the company. The Chief Executive Officer of the company wants to arrange the funds by a public issue whereas the finance manager wants to have a mix of debt and equity as this will determine the overall cost of capital and the financial risk of the enterprise.</p>	<p style="text-align: center;">= 2 +3 = 5 marks</p> <p style="text-align: center;">OR</p>
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	<p>(i) Identify and give the meaning of the financial decision suggested by the finance manager in the above case.</p> <p>(ii) State any three factors affecting the decision identified in (i) above.</p> <p>Ans. (i) Financing Decision. The Financing Decision is concerned with the decisions about the quantum of finance to be raised from various long-term sources.</p> <p>(i) Factors affecting Financing Decision (any three points):</p> <p>(a) 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>(b) The risk associated with each of the sources is different as debt is riskier than equity.</p> <p>(c) Higher the floatation cost, less attractive the source.</p> <p>(d) A stronger cash flow position may make debt financing more viable than funding through equity.</p> <p>(e) If a business has high fixed operating costs, it must reduce fixed financing costs, thus, lower debt financing is better.</p> <p>(f) Issue of more equity may lead to dilution of management's control over the business while debt financing has no such implication.</p> <p>(g) 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 identification + 1 mark for stating it = 2 marks</p> <p>+ 1 mark for stating each factor = 1×3 = 3 marks</p> <p>= 2 +3 = 5 marks</p>
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