

Strictly Confidential: (For Internal and Restricted use only)
Senior Secondary School Term II Examination, 2022
Marking Scheme – SUBJECT NAME (SUBJECT CODE — 054)
(PAPER CODE — 66/1/2)

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 — 66/1/2]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	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. Identify and explain the money market instrument used by XLM Bank Ltd. to meet its short term funds requirement. Ans. Call Money Call money is a method by which banks borrow from each other to be able to maintain the cash reserve ratio.	1 mark of identifying + 1 mark for its explanation = 2 marks
2.	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. Ans. Controlling 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. (or any other correct statement)	1 mark for identifying + 1 mark for statement = 2 marks
3.	Q. Give the meaning of 'Formal Communication'. Ans. Formal communication means the communication that flows through official channels designed in the organisation chart and may be oral or written but generally recorded and filed in the office.	2 marks
4.	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. Ans. Placement and Orientation	

	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.	1 mark for identifying + 1 mark for stating the step =2 marks
5.	Q. Explain how controlling helps in 'accomplishing organisational goals and judging accuracy of standards'. 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. Controlling helps in 'judging accuracy of standards' by reviewing and revising them in the light of organisational and environmental changes.	1½ marks + 1½ marks = 3 marks
6.	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. The responsibilities of Nandita Srivastava include searching and hiring suitable people for different posts in the organisation. 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. Explain any two types of selection tests that may be conducted by Nandita Srivastava to select the most suitable persons. Ans. The selection tests that may be conducted by Nandita Srivastava to select the most suitable persons are (any two):	

	(i) Intelligence Tests (ii) Aptitude Tests (iii) Personality Tests (iv) Trade Tests (v) Interest Tests	½ mark for naming each test + 1 mark for explanation = 1 ½ x 2 = 3 marks
7.	Q. What is meant by non-monetary incentives? State any two non-monetary incentives. Ans. Non-monetary incentives mean those incentives which emphasise on providing <u>psychological and emotional satisfaction</u> rather than money-driven satisfaction to employees. Non-monetary incentives (any two) : (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. (iii) Career Advancement Opportunity includes <u>opportunities provided to employees to improve their skills</u> and be promoted to the higher level jobs. (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. (v) Employee Recognition Programmes means <u>appreciating the work performed by employees</u> so that they feel motivated and perform at higher level.	1 mark for meaning + 1 mark for each incentive = 1 x 2 = 2 marks

	(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. (vii) Employee Participation means <u>involving employees in decision-making</u> of the issues related to them. (viii) Employee Empowerment means <u>giving more autonomy and powers</u> to subordinates to make people feel that their jobs are important. (If an examinee has only listed the points, ½ mark for each point should be awarded) OR Q. State any three benefits of training to the organisation. Ans. Benefits of training to an organisation (any three): (i) It is a systematic learning that helps to <u>avoid wastage of efforts</u> and money. (ii) It <u>enhances employee productivity</u> both in terms of quantity and quality, leading to higher profits. (iii) It <u>equips the future manager</u> who can take over in case of emergency. (iv) It <u>increases employee morale</u> and reduces absenteeism and employee turnover. (v) It helps in obtaining effective <u>response to fast changing economic and technological environment</u>. (If an examinee has only listed the points, ½ mark for each point should be awarded)	=1+2 =3 marks OR 1 mark for each benefit = 1 x 3 = 3 marks
8.	Q. State any three factors affecting working capital requirements of a company. Ans. Factors affecting working capital requirements of a company (any three)	

(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. (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. (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. (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. (v) Working capital requirement is higher in firms with longer production cycle and lower in firms with shorter production cycle. (vi) A liberal credit policy results in higher amount of debtors, increasing the requirement of working capital. (vii) To the extent a firm avails the credit on purchases from its suppliers, the working capital requirement is reduced. (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. (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.	1 mark for each factor
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	(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. (xi) Higher level of competition may necessitate larger stocks of finished goods to meet urgent orders from customers, thereby, increasing the working capital requirement. (xii) The working capital requirement of a business thus, become higher with higher rate of inflation. (If an examinee has only listed the points, ½ mark for each point should be awarded.)	= 1 x 3 = 3 marks
9.	Q. Explain the following rights of a consumer as per the Consumer Protection Act, 2019 : (i) Right to seek redressal (ii) Right to consumer education. Ans. (i) Right to seek redressal: • 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. (ii) Right to consumer education: • The consumer has a <u>right to acquire knowledge about his rights and reliefs</u> 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 consumer in this respect. OR	2½ marks + 2½ marks = 5 marks

10.	Q. Differentiate between 'Capital Market' and 'Money Market' on the basis of : (i) Participants (ii) Instruments (iii) Investment Outlay (iv) Duration (v) Liquidity Ans. Differentiation between capital market and money market: <table><tr><th></th><th><i>Basis</i></th><th><i>Capital Market</i></th><th><i>Money Market</i></th></tr><tr><td>(i)</td><td>Participants</td><td>The participants are financial institutions, banks, corporate entities, foreign investors and retail investors.</td><td>The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.</td></tr><tr><td>(ii)</td><td>Instruments</td><td>The main instruments are equity shares, debentures, bonds, preference shares etc.</td><td>The main instruments are short-term debt instruments such as T-Bills, Trade Bills, Commercial Paper and Certificates of Deposit.</td></tr><tr><td>(iii)</td><td>Investment outlay</td><td>Investment in securities does not necessarily require a huge financial outlay as the value of units of</td><td>In the money market transactions entail huge sums of money as the</td></tr></table>		<i>Basis</i>	<i>Capital Market</i>	<i>Money Market</i>	(i)	Participants	The participants are financial institutions, banks, corporate entities, foreign investors and retail investors.	The participants are institutional participants such as the RBI, banks, financial institutions and finance companies.	(ii)	Instruments	The main instruments are equity shares, debentures, bonds, preference shares etc.	The main instruments are short-term debt instruments such as T-Bills, Trade Bills, Commercial Paper and Certificates of Deposit.	(iii)	Investment outlay	Investment in securities does not necessarily require a huge financial outlay as the value of units of	In the money market transactions entail huge sums of money as the	1 mark for each difference = 1 x 5 = 5 marks
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			securities is generally low.	instruments are quite expensive.	
	(iv)	Duration	It deals in medium and long-term securities such as shares and debentures.	It deals in instruments that have a maximum tenure of one year.	
	(v)	Liquidity	Capital market Securities are considered comparatively less liquid investments because a share, though marketable on stock exchanges may not be actively traded.	Money market instruments enjoy a higher degree of liquidity as there is formal arrangement for this.	
11.	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. 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 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. (a) Identify and state the type of investment decision discussed in the above paragraph. (b) State any three factors which affect the decision identified in (a) above. Ans. (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.				1 mark for identifying + 1 mark for stating = 2 marks +

	(b) Factors affecting long-term Investment Decision/Capital Budgeting decision: (any three) (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. (ii) The expected rate of return from each proposal and the assessment of risk involved are important factors while taking capital budgeting decisions. (iii) 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. OR 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. 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. (a) Identify and state the financial decision discussed in the above para- graph. (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 (a) above. Ans. (a) Financing decision Financing decision involves decision about the <u>quantum of finance</u> to raise from various long-term sources.	1 mark for each factor = 1 x 3 = 3 marks = 2+3 = 5 marks OR 1 mark for identifying + 1 mark for stating = 2 marks +
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	(b) Factors that should be kept in mind by the Board of Directors of 'Reliable Labs Ltd' while taking the above decision (any three): (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. (ii) The risk associated with each of the sources is different. (iii) Higher the floatation cost, less attractive the source. (iv) A stronger cash flow position may make debt financing more viable than funding through equity. (v) If a business has high fixed operating costs, it must reduce fixed financing costs, thus, lower debt financing is better. (vi) Issues of more equity may lead to dilution of management's control over the business while debt financing has no such implication. (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. (If an examinee has only listed the points, ½ mark for each point should be awarded.)	1 mark for each factor = 1 x 3 = 3 marks = 2+3 = 5 marks
12.	Q. Gautam Natarajan is the founder of 'Brewed Beans Coffee', a famous chain of 21 outlets in South India, selling high quality filter coffee. 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	

