

MARKING SCHEME

Senior Secondary School Compartment Exam, 2022

BUSINESS STUDIES (Subject Code — 054)

[Paper Code — 66/6/3]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	<p>Q. Identify and state the type of test in the selection process that measures the actual skills possessed by an employee.</p> <p>Ans. Trade test</p> <p>It measures the existing skills of the individual, the level of knowledge and proficiency in the area of professions or technical training.</p>	<p>mark for identifying + 1 mark for stating the test =2 marks</p>
2.	<p>Q. Frequent transfer of employees often reduces the productivity of the organisation, still it is being used as a good source of filling the vacancies internally. Why? State any two reasons.</p> <p>Ans. Transfer is used as a good source of filling the vacancies internally because: (Any two)</p> <p>(i) Transfer has the benefit of <u>shifting workforce</u> from the surplus departments to those where there is shortage of staff.</p> <p>(ii) It is helpful in <u>avoiding termination</u> and in removing individual problems and grievances.</p> <p>(iii) It can also be used as a tool of <u>training of employees</u> for learning different jobs.</p> <p>(iv) Filling of jobs through transfers is <u>cheaper</u> as compared to getting candidates from external sources.</p> <p>(v) People recruited through transfers do not need <u>induction training</u>.</p>	<p>1 mark for stating each reason = 1 x 2 = 2 marks</p>



3.	<p>Q. Identify and give the meaning of the function of management that helps in verifying whether the standards set are accurate and objective or not.</p> <p>Ans. Controlling</p> <p>Controlling is the function of management which ensures that the activities in an organisation are performed as per plans by comparing actual performance with the standards, finding out deviations and taking corrective action, if required.</p> <p>(or any other correct meaning)</p>	<p>1 mark for identifying + 1 mark for meaning = 2 marks</p>
4.	<p>Q. 'Training of intermediaries of the securities market' is a development function performed by Securities and Exchange Board of India. State two other development functions.</p> <p>Ans. <u>Development Functions of Securities and Exchange Board of India:</u></p> <p>(i) <u>Conducting research and publishing information</u> useful to all market participants.</p> <p>(ii) <u>Undertaking measures to develop the capital markets</u> by adapting a flexible approach.</p>	<p>1 mark for stating each function = 1 x 2 = 2 marks</p>
5.	<p>Q. Explain 'Offer for Sale' and 'Rights Issue' as methods of floatation of new issues in the primary market.</p> <p>Ans. <u>Methods of floatation of new issues in the primary market</u></p> <p>(i) Offer for Sale:</p> <ul style="list-style-type: none"> • Under this method securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stockbrokers. • In this case, a company sells securities enbloc at an agreed price to brokers who, in turn, resell them to the investing public. <p>(ii) Rights Issue</p> <ul style="list-style-type: none"> • In this method, the existing shareholders are offered the 'right' to subscribe to a new issue of shares according to the terms and conditions of the company. • The shareholders are offered new shares in proportion to 	<p>1 ½ marks + 1 ½ marks</p>



	the number of shares they already possess.	= 3 marks
6.	<p>Q. Name and state the process which is job-oriented and is used to increase the skills and abilities of employees to perform a specific job.</p> <p>Ans. Training</p> <p>Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased <u>to improve their performance on the current job</u> or prepare them for any intended job. It is a process of learning new skills and application of knowledge.</p>	<p>1 mark for naming</p> <p>+</p> <p>2 marks for the Stating the process</p> <p>= 3 marks</p>
7.	<p>Q. (a) Give the meaning of formal and informal communication.</p> <p>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.</p> <p>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 style="text-align: center;">OR</p> <p>(b) Explain the first two steps in the process of controlling.</p> <p>Ans. <u>First two Steps in the process of controlling</u></p> <p>(i) Setting Performance Standards</p> <ul style="list-style-type: none"> • Standards are the criteria against which actual performance would be measured. • Standards can be set in both quantitative as well as qualitative terms. <p>(ii) Measurement of Actual Performance</p> <ul style="list-style-type: none"> • Performance should be measured in an objective and reliable manner. 	<p>1 ½ marks</p> <p>+</p> <p>1 ½ marks</p> <p>=3 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for naming the step</p> <p>+</p> <p>1 mark for its explanation</p>



	<ul style="list-style-type: none"> There are several techniques for measurement of performance like personal observation, sample checking, etc. 	<p>= 1 ½ x 2 = 3 marks</p>
8.	<p>Q. Hemant is working as a Human Resource Manager in AO chain of hospitals in Mumbai. He had to appoint nurses for the hospitals. For this, he has conducted various tests and interviews and verified the information of the applicants. The final decision has been made in consultation with the heads of the nursing department. Hemant still has to take some more steps to complete the process of appointment of nurses. Name and explain these steps.</p> <p>Ans. The steps Hemant has to take to complete the process of appointment of nurses:</p> <p>(i) Medical Examination: After the selection decision, the candidate is required to undergo a medical fitness test.</p> <p>(ii) Job Offer: The job offer is given to those applicants who have passed all the previous hurdles. Job offer is made through a letter of appointment containing a date by which the appointee must report on duty.</p> <p>(iii) Contract of Employment: After the candidate accepts the offer a contract of employment is prepared containing rates of pay, allowances, hours of work, leave rules, etc</p>	<p>½ mark for naming the step + ½ mark for its explanation = 1 x 3 = 3 marks</p>
9.	<p>(a) Explain the following rights of a consumer as per the Consumer Protection Act, 2019 :</p> <p>(i) Right to be Informed (ii) Right to be Heard</p> <p>Ans.</p> <p>(i) Right to be Informed:</p> <ul style="list-style-type: none"> The consumer has <u>a right to have complete information</u> about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use etc. It is a legal requirement to provide such information on the 	<p>2½ marks</p>



	<p>package and label of the product.</p> <p>(ii)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 style="text-align: center;">OR</p> <p>(b) Give the meaning of a ‘Consumer’ as per the Consumer Protection Act. 2019. Also discuss when are the ‘State Commission’ and ‘National Commission’ helpful in redressing the grievances of consumers.</p> <p>Ans.</p> <ul style="list-style-type: none"> • Under the Consumer Protection Act 2019, a <u>consumer</u> is a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods or beneficiary of services if such use is made with the approval of the buyer. Any person who obtains goods or avails services for resale or commercial purpose is not treated as a consumer. • It applies to both offline and online transactions through electronic means or by teleshopping or direct selling or multilevel marketing. (or any other correct meaning) • <u>State Commission is helpful in redressing:</u> <ol style="list-style-type: none"> (i) Any complaint where value of goods and services paid as consideration <u>exceeds one crore but does</u> 	<p style="text-align: right;">+</p> <p style="text-align: right;">2½ marks</p> <p style="text-align: right;">= 5 marks</p> <p style="text-align: center;">OR</p> <p style="text-align: right;">2 marks for Meaning</p> <p style="text-align: right;">+</p>
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	<p><u>not exceed ten crore rupees.</u></p> <p>(ii) any appeal against the order of District Commission within a <u>period of forty five days</u> from the date of passing of such order.</p> <ul style="list-style-type: none"> • <u>National Commission is helpful in redressing</u> <p>(i) Any complaint where value of goods or services paid as consideration <u>exceeds ten crores of rupees.</u></p> <p>(ii) Any appeal against the order of State Commission within a <u>period of thirty days</u> of passing of such order.</p> 	<p>1½ marks</p> <p>+</p> <p>1½ marks</p> <p>=5 marks</p>
10.	<p>Explain ‘Commercial Paper’ and ‘Certificate of Deposit’ as instruments of ‘Money Market’.-</p> <p>Ans. Commercial Paper (Any two)</p> <ul style="list-style-type: none"> • Commercial paper is a <u>short-term unsecured</u> negotiable promissory note with a fixed maturity period issued by <u>large and creditworthy companies.</u> • It is issued at lower rates of interest than market rates and usually has a maturity period of <u>15 days to one year.</u> • The original purpose of commercial paper is to provide short-terms funds for seasonal and working capital needs. <p>Certificate of Deposit</p> <ul style="list-style-type: none"> • Certificates of Deposit (CD) are <u>unsecured, negotiable, short-term</u> instruments in bearer form, issued by <u>commercial banks and development financial institutions.</u> • They can be issued to individuals, corporations and companies during periods of <u>tight liquidity</u> when the deposit growth of banks is slow but the demand for credit is high. 	<p>2½ marks</p> <p>+</p> <p>2½ marks</p> <p>= 2½ x 2</p> <p>= 5 marks</p>



<p>11.</p>	<p>Q. Riya was working as a manager in a hotel. During COVID-19 she lost her job. Now she has started her own restaurant which was providing immunity-boosting food. Her restaurant was a success and she was earning a good profit. To benefit the people of other areas with her immunity-boosting food, she thought of starting three restaurants in three different cities. For this, she appointed three managers. She told all the managers that to be successful it is necessary that they should guide the people working in their respective teams about the work to be done by them, when they should do it and how they should do it. She also added that mere transfer of views or information is not sufficient, it is necessary that their instructions are implemented in the proper perspective, so that the organisation may achieve its objectives. To improve the performance level of employees, she suggested that they develop insights into causes of behaviour of people. They have to make subordinates act in a desired manner to achieve organisational goals.</p> <p>(a) Identify and state the function of management discussed in the above para.</p> <p>(b) State any three points of importance of the function identified in (a) above.</p> <p>Ans.(a) Directing</p> <p>Directing is the process of instructing, guiding, communicating, counselling, motivating and leading people in the organisation to achieve its objectives.</p> <p>(b) Importance of Directing function (any three)</p> <p>(i) Directing helps to <u>initiate action</u> by people in the organisation towards attainment of desired objectives.</p> <p>(ii) Directing <u>integrates employees' efforts</u> in the organisation in such a way that every individual effort contributes to the organizational performance.</p> <p>(iii) Directing <u>guides employees</u> to fully realise their potential and capabilities by motivating and providing effective leadership.</p> <p>(iv) Directing facilitates introduction of <u>needed changes</u> in the</p>	<p>1 mark for identification + 1 mark for the statement = 2 marks</p> <p>+ 1 mark for stating each point of importance = 1 x 3 = 3 marks</p> <p>= 2 + 3 = 5 marks</p>
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	<p>organisation.</p> <p>(v) Effective directing helps to <u>bring stability</u> and balance in the organisation by fostering cooperation 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>12.</p>	<p>(a) ‘A.M. Motors Ltd.’ is a leading company in car manufacturing. Due to the changing environment and initiatives taken by the Government of India, the company wants to enter into manufacturing of e-cars also. For this project the company requires ₹2,000 crore. But before purchasing the machines and other assets, the finance manager has to assess the degree of risk involved in the project as this type of decision affects the earning capacity of the business over the long run. Besides this, there are various other factors which may affect this decision of the finance manager.</p> <p>(i) Identify and state the financial decision discussed in the above para.</p> <p>(ii) State any two factors that may affect the decision of the finance manager identified in (i) above.</p> <p>Ans. (i) Investment decision</p> <p>The investment decision relates to how the firm’s funds are invested in different assets.</p> <p>(ii) <u>Factors affecting Long term Investment decision/ Capital Budgeting decision (any two):</u></p> <p>(a) 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>(i) Several investment criteria may be used to evaluate</p>	<p>1 mark for identifying + 1 mark for stating = 2 marks + 1 mark for each factor = 1 x 3 = 3 marks = 2+3</p>

	<p>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>(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. 'R.K. Fertilizers Ltd.' has planned to set up a plant for manufacturing urea fertiliser which has very high market potential as there is excess demand as compared to supply. The company is planning to operate at a higher scale which will require a bigger plant, more space, etc. The company has also planned to replace its plant and machinery as the same are prone to obsolescence with the change in technology. To meet the growing demand of fertilisers that may result in increase in profits, the company is also planning to diversify its operations. It wants to enter in the area of cement manufacturing. Thus, it is a capital-intensive project involving an investment of ₹3,000 crore.</p> <p>Identify and state any five factors affecting the fixed capital requirements of 'R.K. Fertilisers Ltd' discussed in the above para.</p> <p>Ans. <u>Factors affecting the Requirement of Fixed Capital (any five):</u></p> <p>1. Nature of Business: The type of business has a bearing upon the fixed capital requirements as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation; since it does not require to purchase plant and machinery, etc.</p> <p>2. Scale of Operations: A larger organisation operating at a higher scale needs bigger plant, more space etc. and therefore, requires higher investment in fixed assets when compared with the small organisation.</p> <p>3. Technology Upgradation: In certain industries, assets become obsolete sooner and need to be replaced faster resulting in higher</p>	<p>= 5 marks</p> <p style="text-align: center;">OR</p> <p>½ mark for identifying + ½ mark for stating each factor = 1 x 5</p>
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	<p>investment in fixed assets.</p> <p>4. Growth Prospects: Higher growth of an organisation generally requires higher investment in fixed assets to meet the anticipated higher demand quicker.</p> <p>5. Diversification: A firm may choose to diversify its operations, leading to higher investment in fixed capital.</p> <p>6. Choice of Technique: A capital-intensive organisation requires higher investment in plant and machinery as it relies less on manual labour resulting in higher requirement of fixed capital as compared to a labour intensive organisation.</p>	<p>= 5 marks</p>



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