

## MARKING SCHEME

### PRE BOARD (SEMESTER-2) 2022 SET- A

**CLASS: XII**  
**Time: 2 Hours.**

**BUSINESS STUDIES (054)**

**MM: 40**  
**No. of Pages: 5**

- A 1. **Ans: Training and development** (0.5 for naming and 1.5 for any suitable explanation)  
Training and development improves the current or future performance of an employee by increasing his ability to perform through learning. It helps to change the employee's attitude and increase his or her skills and knowledge. Best way to provide such an opportunity is to facilitate employee training this can be done through in-house training centres or alliances with training and educational institutes. This benefits the organisations and the employees  
Training is the process by which attitude skill and abilities of employees to perform specific jobs are increased.  
Development refers to the learning opportunities designed to help employees grow it means growth of an individual in all respects. 2
- A 2. **Ans. (a) Protective function: Prohibition of fraudulent and unfair trade practices** (0.5+0.5= 1mark)  
(b) Any 2 other functions of the same type- (0.5+0.5=1mark)  
  - Controlling insider trading and imposing penalties for the same.
  - Undertaking steps for investor protection.
  - Promotion of fair practices and code of conduct in securities market 2
- A 3. **Ans Direct recruitment:** A notice is placed on the notice board of the enterprise specifying the details of the job available.  
Unskilled or semiskilled jobseekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. Such workers are called Badli workers-payment on daily wage basis.  
It is inexpensive (0.5 mark for naming and 1.5 for explanation) 2
- A 4. **Ans:** Controlling is a function that brings back the management cycle to the planning function. Controlling function finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same. This helps in formulation of future plans in the light of the problems identified. This helps in better planning for future. 2
- A5. **Answer a) Autocratic or Authoritarian leadership style (0.5 for naming +1.5 for explanation=2 marks)**  
  - An autocratic leader gives orders and expects his subordinates to obey them. He is dogmatic and does not like to be contradicted.
  - He determines the policies for the group without consulting them.
  - He does not give information about future plans but simply tells the group what immediate steps they must take.

- There is only one way communication.

P.T.O.

- He believes reward or punishment both can be given depending upon the result.
- All decision making power is centralised with the leader and he does not give the subordinates any freedom to influence his decisions.

b) This style is suitable to ensure labour productivity on time as it facilitates quick decision making. **(0.5+0.5 =1mark)**

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A 6. **Ans: Any 3 features of Motivation (3 marks)**

**Motivation is an internal feeling.** The urge, drives, desires, aspirations, strivings or needs of human being, which are internal, influence human behaviour. These urges are internal to an individual.

**Produces goal directed behaviour** if an incentive is given to an employee with the objective of improving his performance and if the employees and is interested in that incentive, it helps to produce a behaviour to improve his performance.

**Can be either positive or negative-**Positive motivation provides positive rewards like increase in pay, promotion etc. Negative motivation means punishments etc which may also induce a person to act in the desired way.

**Complex process- Individuals** are heterogeneous in their expectations, perceptions and reactions. Any type of motivation may not have the same effect on all members.

**OR**

**Ans (a) Grapevine:** Informal system of communication that takes place without following the formal lines is said to be grapevine because it spreads throughout the organisation with its branches going out in all directions in utter disregard to the levels of authority. It spreads rapidly and sometimes gets distorted and it is very difficult to detect the source of such communication

It arises out of needs of employees to exchange their views which cannot be done through formal channels. Workers chatting in a canteen about the behaviour of the superior discussing about rumours are some examples of informal communication.

**2mks**

(b) **One merit** – it spreads fast and may be useful to the manager to transfer transmit information and to know the reactions of his or her subordinates.

**One demerit-** It leads to rumours which are not authentic- this may hamper work environment. **(0.5+0.5=1mk)**

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A 7. **Ans: Business cycle-** during boom period, when sales and production are high, higher amount of working capital is required as compare to depression period.

**Seasonal factors** -higher amount of working capital is required by the organisation during its peak season due to higher level of activity and less during lean season.

**Credit allowed** – if liberal credit terms are given and a liberal credit policy is followed then the company would require more working capital due to higher amount of debtors. This is especially true when competition is high and the client is credit worthy.

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A 8. **Ans; a) Controlling** means ensuring that activities in an organization are performed as per the plans. Or It implies the measurement of accomplishment against the standards

and the correction of deviations to assure attainment of objectives according to plans  
(0.5 mark for naming and 0.5 mark for stating=**1 mark**) P.T.O.

**b) Analysing deviations- Explain-**Critical point control and management by exception

**Critical point control:** control should focus on key result areas which are critical to the success of the organisation - if anything goes wrong at the critical points the entire organisation suffers

**Management by exception** - Only significant deviations which go beyond the permissible limit should be brought to the notice of management. Thus a deviation beyond the permissible limit in KRA should be focused on immediately.

(0.5 marks for identification of step and 1.5 marks for explanation =**2marks**)

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A 9. .Ans (a): **State Commission:** It is established by the respective state government and ordinarily function at the state capital to entertain complaints where value of goods and services paid as consideration exceeds one crore but does not exceed ten crore rupees. If any of the parties are not satisfied by the order of State Commission can appeal against such order to the National Commission within a period of thirty days of such order. (**2 marks**)

**National Commission:** The National Commission has territorial jurisdiction over the whole country. National Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration exceeds ten crores of rupees.(**2 marks**)

(b) If any of the parties are not satisfied by the order of National Commission can appeal against such order to the Supreme Court of India within a period of thirty days of such order.(**1 mark**)

**OR**

Ans: **Rights of a Consumer** under the Consumer Protection Act, 2019 (Any five):

1. Right to safety: The consumer has a right to be protected against goods and services which are hazardous to life, health and property.

2. Right to be informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.

3. Right to be assured: The consumer has the freedom to assess a variety of products at competitive prices.

4. Right to be heard: The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

5. Right to seek redressal: The consumer has a right to get relief against unfair trade practice of restrictive trade practices or unscrupulous exploitation in case the product or a service falls short of his expectation.

6. Right to consumer education: The consumer has a right to acquire knowledge and to be a well informed consumer throughout life.

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A10 **Ans: a) Primary market (1mark)**

b) **Private placement-**Allotment of securities is done by a company to institutional investors and some selected individuals. This is quick and less costly (**0.5+0.5=1mark**)

c)The other methods of floatation are: any 3 with explanation (**3marks**)

Offer through prospectus – it is the most popular method of raising funds by public

companies -it involves inviting subscriptions from the public through issue of P.T.O.

prospectus which makes a direct appeal to investors to raise capital through an advertisement in the newspaper and magazines. The issue may be underwritten and has to be listed on at least one stock exchange. The content of the prospectus has to be in provision of the provisions of the companies act and SEBI disclosure and investor protection guidelines.

Offer for sale securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stockbrokers. A company sells securities enbloc at an agreed price to a broker who, in turn, resells them to the investing public.

Rights issue -this is a privilege given to the existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. The shareholders are offered the right to buy new shares in proportion to the number of shares they already possess.

E-IPO -Company proposing to issue capital to the public through online system of the stock exchange enters into an agreement with the stock exchange

- SEBI registered brokers are appointed for accepting applications and placing orders
- They appoint a registrar to the issue having electronic connectivity with the exchange
- The issue a company applies for listing of a security on any exchange other than the exchange through which it has offered securities
- The lead manager coordinates all the activities amongst intermediaries.

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A11 Ans (a) **Vestibule training**- employees learn their jobs on the hi-tech equipment they will be using but the training is conducted away from the actual work floor. Actual work environments are created in a classroom and employees use the same materials files and equipment. (0.5 mk for naming and 1.5 mks for explanation )

(b) **Benefits of training to the organisation -Any 3 (1 mark each)**

- Training is systematic learning, better than hit and trial method which leads to wastage of effort and money
- It enhances employee productivity in terms of quantity and quality, leading to higher profits.
- It equips the future managers who can take over in case of emergency.
- It increases employee morale and reduces absenteeism and employee turnover.
- It helps in obtaining effective response to fast changing environment – technological and economic.

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A12 Ans (a) **HCL pays high dividend coz : 4mks**

**Earnings**- Are high –Dividend is paid out of current and past earnings.

**Stability of earnings**- A company having consistent/stable earnings is in a position to declare high dividends

**Accesses to capital markets**- Large reputed companies have easy access to capital markets so depend less on retained earnings hence pay higher dividend.

**Cash flow position**- of the company has been good in the past and to pay high dividend more cash is required.

(b) **The company is likely to follow a conservative dividend policy because- 1mk**

**Growth prospects** – Co. may like to retain profits to finance its expansion projects. P.T.O

**OR**

Ans: Financial decisions are involved in the above case are

**Investment decision**-where to invest the scarce resources so as to earn the highest return.- how to invest in different assets- long term and short term-

Long term decisions involving investment in fixed assets, or expansion and diversification are Capital budgeting decisions Capital budgeting decisions are important as they affect the long term growth, large amount of funds are required, influence the overall risk of business and are irreversible. The size of assets, profitability and competitiveness are affected so need to be taken with utmost care. Working capital decisions are short term decisions concerned with the level of cash, inventory and receivables. They affect the day to day working of the business. They affect the liquidity and profitability of a business

**Financing decision** – quantum and proportion of finance to be raised from various sources – debt and equity

Debt is cheaper because it is available at cheaper rates, cost of raising debt is less and tax deductibility of interest makes it cheaper. But debt adds to the financial risk of the business as payment of interest and principal is compulsory.

Equity is costly as the expectations of the equity share holders is high as they bear the risk, floatation cost is higher too but it does not add to the risk of the business and there is no compulsion to pay any return to the shareholders.

Financing decision is concerned with how much to be raised from which source. The decision determines the overall cost of capital and the financial risk of the business.

**(0.5 mks for naming and 2 marks for suitable explanation)**

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