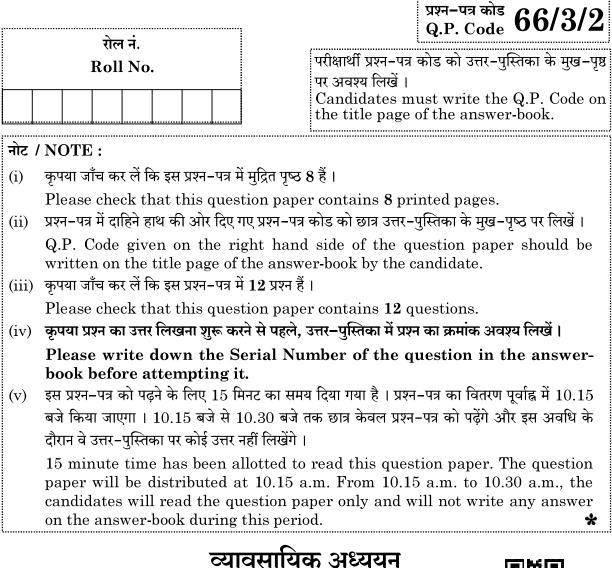


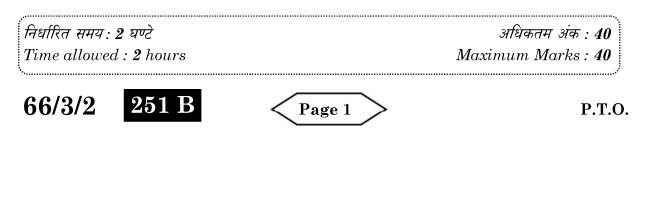
Series : AB4CD/3

SET ~ 2



BUSINESS STUDIES





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सामान्य निर्देश :

- (i) इस प्रश्न-पत्र में कुल 12 प्रश्न दिए गए हैं।
- (ii) प्रश्न संख्या 1-4, 2 अंकों के हैं । यह लघु-उत्तर प्रकार के प्रश्न हैं तथा इनका उत्तर 30-50 शब्दों में दीजिए ।
- (iii) प्रश्न संख्या **5-8, 3** अंकों के हैं। यह लघु-उत्तर प्रकार के प्रश्न हैं तथा इनका उत्तर **50-80** शब्दों में दीजिए।
- (iv) प्रश्न संख्या 9-12, 5 अंकों के हैं । यह दीर्घ-उत्तर प्रकार के प्रश्न हैं तथा इनका उत्तर 80-120 शब्दों में दीजिए ।
- (v) प्रश्न-पत्र में कोई समग्र विकल्प नहीं है । 2 अंकों के 1 प्रश्न में तथा 5 अंक प्रत्येक के 2 प्रश्नों में आन्तरिक विकल्प दिए गए है ।
- (vi) इस प्रश्न-पत्र में केस/स्रोत आधारित प्रश्न हैं।
- प्रबन्ध के एक कार्य की प्रक्रिया में प्रबन्ध प्रक्रिया के एक चक्र को पूरा करती है और पहचानी गई समस्याओं के संदर्भ में अगले चक्र में नियोजन में सुधार करती है। उपरोक्त में चर्चित प्रबन्ध के कार्य की पहचान कीजिए तथा उल्लेख कीजिए।
- नियुक्तिकरण प्रक्रिया के उस चरण की पहचान कीजिए तथा उल्लेख कीजिए जो संगठन में रिक्तियों के लिए संभावित रोज़गार चाहने वालों के एक समुच्चय का सृजन करता है।
- 3. 'नेतृत्व की लोकतंत्रीय शैली' का अर्थ दीजिए।
- 4. 'गुजरात टेक्सटाइल्स लिमिटेड' को ₹ 80 करोड़ के कोष एकत्रित करने की आवश्यकता है । यह एक जन निर्गमन की लागत वहन नहीं कर सकती, अत: यह निर्णय लिया गया कि इसके समता अंशों का निर्गमन संस्थानिक निवेशकों जैसे भारतीय जीवन बीमा निगम तथा कुछ चयनित वैयक्तिक निवेशकों को किया जाए । गुजरात टेक्सटाइल्स लिमिटेड द्वारा लघुअवधि (फ्लोटेशन) नव निर्गमन विधि की पहचान कीजिए तथा समझाइए ।
- एक कम्पनी के लाभांश निर्णय को प्रभावित करने वाले किन्हीं तीन कारकों का उल्लेख कीजिए।

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General Instructions :

- (i) This question paper contains 12 questions.
- (ii) Question numbers 1 4 are of 2 marks. These are Short Answer Type Questions and are to be answered in 30-50 words.
- (iii) Question numbers 5 8 are of 3 marks. These are Short Answer Type Questions and are to be answered in 50-80 words.
- (iv) Question numbers 9 12 are of 5 marks. These are Long Answer Type Questions and are to be answered in 80-120 words.
- (v) There is no over-all choice in the question paper. However internalchoice has been given in 1 question of 3 marks and 2 questions of 5 marks each.
- (vi) This question paper contains Case/Source Based questions.
- 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.
 Identify and state the function of management discussed above.

identify and state the function of management discussed above.

- Identify and state the step in the process of staffing which creates a pool of prospective job seekers for vacancies in the organisation.
- 3. Give the meaning of 'Democratic style of Leadership'.
- 4. '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.

Identify and explain the method of floating new issues used by 'Gujarat Textiles Ltd'.

5. State any three factors affecting dividend decision of a company. **3**

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6.	 समझाइए कि नियंत्रण कैसे 'स्रोतों के कुशल उपयोग' तथा 'कर्मचारी अभिप्रेरणा में सुधार' में सहायता करता है।	3
7.	'ओबेराय एयरलाइन्स प्रा. लिमिटेड' के मानव संसाधन विभाग ने हाल ही में 11 पायलटों का चयन किया है । नये पायलटों को जटिल (परिष्कृत) उपकरणों का उपयोग करना है । इसके लिए मानव संसाधन प्रबंधक एक ऑफ-दी-जॉब (कार्येतर) प्रशिक्षण प्रोग्राम डिज़ाइन करना चाहता है जो कार्य पर उनके निष्पादन को सुधारने में उनकी सहायता करेगा । दी गई परिस्थिति में कम्पनी द्वारा उपयोग की जाने वाली प्रशिक्षण विधि की पहचान कीजिए तथा उसे समझाइए।	3
8.	वित्तीय प्रोत्साहनों का क्या अर्थ है ? किन्हीं दो वित्तीय प्रोत्साहनों का उल्लेख कीजिए। अथवा	3
	कर्मचारियों को प्रशिक्षण से होने वाले किन्हीं तीन लाभों का उल्लेख कीजिए।	
9.	 (i) उपभोक्ता संरक्षण अधिनियम, 2019 के अनुसार एक उपभोक्ता का अर्थ दीजिए । (ii) उपभोक्ता संरक्षण अधिनियम, 2019 के अनुसार राज्य कमीशन में दोषपूर्ण वस्तुओं अथवा 	3
	सेवाओं में कमी के किस मूल्य के लिए शिकायत दर्ज़ की जा सकती है ? (iii) यदि पीड़ित पक्षकार राष्ट्रीय कमीशन द्वारा पारित आदेश से संतुष्ट न हो तो इसके आदेश के विरुद्ध	1
	अपील कहाँ की जा सकती है ?	1
	उपभोक्ता संरक्षण अधिनियम, 2019 के अनुसार एक उपभोक्ता के निम्न अधिकारों को समझाइए : 2½ + 2½ (i) शिकायत का अधिकार (ii) सूचना का अधिकार	= 5
10.	'पूँजी बाज़ार' एवं 'मुद्रा बाज़ार' में निम्नलिखित के आधार पर अन्तर्भेद कीजिए : (i) भाग लेने वाले (ii) प्रलेख (iii) संभावित प्रतिफल (iv) सुरक्षा (v) अवधि	5
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6. Explain how controlling helps in 'making efficient use of resources' and 'improving employee motivation'.

7. 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.

8. What is meant by financial incentives ? State any two financial incentives.

OR

State any three benefits of training to employees.

9. (i) Give the meaning of a 'Consumer' as per Consumer Protection Act, 2019.
(ii) As per Consumer Protection Act, 2019, for what value of defective goods or deficient services can a complaint be filed at the State Commission ?
(iii) Where can an appeal against the order of National Commission be made if aggrieved party is not satisfied by its order ?

OR

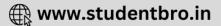
Explain the following rights of a consumer as per the ConsumerProtection Act, 2019 : $2\frac{1}{2} + 2\frac{1}{2} = 5$

- (i) Right to be heard
- (ii) Right to be informed
- 10. Differentiate between 'Capital Market' and 'Money Market' on the basis of following :
 - (i) Participants
 - (ii) Instruments
 - (iii) Expected Return
 - (iv) Safety
 - (v) Duration

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11. एन बी लिमिटेड भारत की सबसे बड़ी सीमेंट निर्माणी कम्पनी है। इसके प्रचालन 17 आधुनिक सीमेंट कारखानों के साथ सम्पूर्ण देश में फैले हुए हैं। इसके पास 9,000 व्यक्तियों का कार्मिक-बल है।

इसके प्रारंभ से ही कम्पनी सीमेंट उद्योग में पथ– प्रदर्शक रही है। कम्पनी दीर्घ–अवधि में विकास की योजना बना रही है और अगले 3 वर्षों में इसकी क्षमता को दुगुना करना चाहती है।

इसके लिए वित्तीय प्रबंधक को विभिन्न दीर्घ–कालीन स्रोतों द्वारा वित्त एकत्रित करने की मात्रा के बारे में निर्णय लेना है। इसके लिए उसे उपलब्ध वित्त के विभिन्न स्रोतों तथा प्रत्येक स्रोत के अनुपात को पहचानने की आवश्यकता है।

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- (i) वित्तीय प्रबन्धक द्वारा लिए जाने वाले वित्तीय निर्णय को पहचानिए।
- (ii) उपरोक्त (i) में पहचाने गए निर्णय को प्रभावित करने वाले किन्हीं चार घटकों का उल्लेख कीजिए।

अथवा

मायरा लिमिटेड, जो टेलीविज़नों की निर्माता है, अपने व्यवसाय का विस्तार करना चाहती है और इसके लिए उसे ₹ 250 करोड़ की आवश्यकता है । कम्पनी के पास निवेश के लिए बहुत–सी परियोजनाएँ उपलब्ध हैं तथा प्रत्येक परियोजना का मूल्यांकन बहुत सावधानीपूर्वक करना होता है । कम्पनी के वित्तीय प्रबन्धक ने प्रत्येक परियोजना को प्रतिफल की दर के अनुसार आकलित किया है तथा वह उच्च प्रतिफल– दर वाली एक परियोजना का चयन करना चाहता है । लेकिन परियोजना के चयन से पहले उसे कुछ अन्य घटकों को भी ध्यान में रखना है ।

- (i) उपरोक्त अनुच्छेद में वर्णित वित्तीय निर्णय को पहचानिए और उल्लेख कीजिए।
- (ii) परियोजना के चयन से पूर्व वित्तीय प्रबन्धक द्वारा ध्यान में रखे जाने वाले दो अन्य घटकों को समझाइए।
- 12. एल्फा लिमिटेड के मानव संसाधन प्रबंधक को जो एयर-कंडीश्नर निर्माण में एक अग्रणी कम्पनी है, विभिन्न पदों के लिए कर्मचारियों की आवश्यकता है। वह भर्ती के एक ऐसे स्रोत को चुनना चाहता है जहाँ संभावित अभ्यर्थियों की पृष्ठभूमि के बारे में पर्याप्त ज्ञान हो। वह जानता था कि वर्तमान कर्मचारियों अथवा उनके मित्रों एवं सम्बन्धियों द्वारा सिफारिश किए गए अभ्यर्थी भर्ती का एक अच्छा स्रोत सिद्ध हो सकता है।
 - (i) उपरोक्त अनुच्छेद में वर्णित भर्ती के बाह्य स्रोत को पहचानिए।
 - (ii) भर्ती के बाह्य स्रोतों के किन्हीं चार लाभों का उल्लेख कीजिए।

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11. 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.

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.

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.

- (i) Identify the financial decision to be taken by the Finance Manager.
- (ii) State any four factors which would affect the decision identified in (i) above.

OR

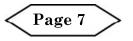
Myra Ltd., manufacturing televisions, is planning to expand its business and requires ₹ 250 crore for the same. A number of projects are available to the company to invest in and each project has to be evaluated carefully. The Finance Manager of the company, has assessed the projects in terms of the 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.

- (i) Identify and state the financial decision discussed in the above para graph.
- (ii) Explain two other factors that the Finance Manager should consider before selecting the project.
- 12. 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 introduced by present employees or their friends and relatives may prove to be a good source of recruitment.

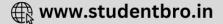
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- (i) Identify the external source of recruitment discussed in the above paragraph.
- (ii) State any four advantages of external sources of recruitment.

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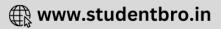




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General Instructions:-

- 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.

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- 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

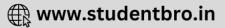
Senior Secondary School Examination TERM-II, 2022

BUSINESS STUDIES (Subject Code – 054)

[Paper Code – 66/3/2]

Q. No.	EXPECTED ANSWER / VALUE POINTS	Marks
1.	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.Identify and state the function of management discussed above.	1 mark for identification +
	Ans. Controlling	1 mark for the statement
	Controlling means <u>ensuring that the activities in an organisation</u> <u>are performed as per plans</u> by comparing actual performance with the standards, finding out deviations and taking corrective action, if required.	= 2 marks
	(or any other correct statement)	
2.	Q. Identify and state the step in the process of staffing which creates a pool of prospective job seekers for vacancies in the organisation.	1 mark for identification
	Ans. Recruitment	+
	Recruitment is the process of <u>searching for prospective</u> <u>employees</u> and stimulating them to apply for jobs in the organisation.	1 mark for its explanation = 2 marks
3.	Q .Give the meaning of 'Democratic style of leadership'.	
	 Ans. In democratic leadership, the leader develops action plans, makes decisions in consultation with his subordinates. The leader exercises control by using forces within the group. (or any other correct meaning) 	2 marks
4.	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.	1 mark for identification
	Identify and explain the method of floating new issues used by 'Gujarat Textiles Ltd'.	+



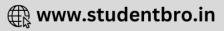


	Ans. Private Placement	1 mark for it explanation
	Private placement is the allotment of securities by a company to <u>institutional investors and some selected individuals</u> .	= 2 marks
5.	Q. State any three factors affecting dividend decision of a company.	
	 Ans. Factors affecting dividend decision are (any three): (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 growth companies is smaller than that in the non-growth companies.	1 mark for
	(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.	each factor
	(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.	
	(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.	
	 (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. 	= 1 x 3 = 3 marks



7.	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.	
_	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.	1½ marks = 3 marks
	Ans. 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.	1½ marks +
6.	Q. Explain how controlling helps in 'making efficient use of resources' and 'improving employee motivation'.	
	(If an examinee has only listed the points, ½ mark for each point should be awarded.) (No marks to be deducted if headings are not given)	
	(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.	
	(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.	
	(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.	





	 Identify and explain the method of training that can be used by the company in the given situation. Ans. Vestibule training In this method, the employees learn their jobs on the equipment they will be using but the training is conducted away from the actual work floor. This method is used when employees are required to handle sophisticated machinery and equipment. 	1 mark for identification + 2 marks for explanation = 3 marks
8.	 Q. What is meant by financial incentives? State any two financial incentives. Ans. Financial incentives refer to incentives which are in direct monetary form or measurable in monetary terms and serve to motivate people for better performance. 	1 mark for the meaning
	 Financial incentives (any two): (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. 	+ 1 mark for each financia incentive = 1 x 2 = 2 marks
	 (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. 	= 1+2 =3 marks

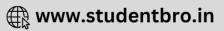


 (vii) Perquisites such as car allowance, housing and medical aid, etc., are offered to employees over and above the salary to provide motivation to them. (If an examinee has only listed the points, ½ mark for each point should be awarded.) 	
OR	OR
Q. State any three benefits of training to employees.	
 Ans Benefits of training to employees (any three): (i) Improved skills and knowledge due to training lead to <u>better</u> <u>career</u> of the individual. (ii) Increased performance by the individual help him <u>to earn</u> <u>more</u>. 	1 mark for each benefit
 (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. 	= 1 x 3 = 3 marks
(If an examinee has only listed the points, ½ mark for each point should be awarded.)	
 9. Q. (i) Give the meaning of a 'Consumer' as per Consumer Protection Act, 2019. (ii) As per Consumer Protection Act, 2019, for what value of defective goods or deficient services can a complaint be filed at the State Commission? (iii) Where can an appeal against the order of National Commission be made if aggrieved party is not satisfied by its order? 	
Ans.	
 (i)As per Consumer Protection Act, 2019:- A consumer is a person who <u>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 <u>any user of such goods</u> or beneficiary of services if such use is made with the approval of the buyer. It applies to <u>both offline and online</u> transactions. 	3 marks for the meaning +



(ii) If the value of defective goods or deficient services <u>exceeds</u> <u>rupees one crore</u> but does not exceed rupees ten crore, a	1 mark
complaint can be filed at the <u>State Commission</u> .	+
(iii) If any of the parties is not satisfied by the order of the National Commission, then the aggrieved party <u>can appeal</u> <u>against such order to the Supreme Court of India.</u>	1 mark
	=3+1+1
	= 5 marks
OR	OR
 Q. Explain the following rights of a consumer as per the Consumer Protection Act, 2019 : (i) Right to be heard 	
(ii) Right to be informed	
Ans.	
 (i) Right to be heard: 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 <u>consumer service and grievance</u> <u>cells</u> . Many <u>consumer organisations</u> are also working towards this direction and helping consumers in redressal of their grievances.	2 ½ marks
 (ii) Right to be informed: 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. 	2 ¹ ⁄ ₂ marks
• It is a legal requirement to provide such information on the package and label of the product.	= 5 marks
Q. Differentiate between 'Capital Market' and 'Money Market' on the basis of following: (i) Participants (ii)Instruments	





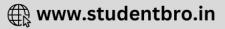
Ans Difference	between Capital Ma	rket and Money Market	
Basis	Capital Market	Money Market	
Participants	Financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public.	institutions and finance	1 mark each poir
Instruments	Instruments traded are Equity shares, debenture bonds, preference shares, etc.	Short-termdebtinstrumentssuchas—	differen
Expected return	The investments yield a higher return than the money market.	The investments yield a lesser return than capital market.	
Safety	Capital markets are riskier than money markets.	Money market is generally much safer with a minimum risk of default.	= 1 x
Duration	The capital market deals in medium and long-term securities.	Money market instruments have a maximum tenure of one year or may even be one day.	





11.	 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. 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 3years. 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. (i) Identify the financial decision to be taken by the Finance Manager. 	
	(ii) State any four factors which would affect the decision identified in (i) above.	
	Ans. (i) Financing decision	1 mark for
	 (ii) Factors affecting financing decision (any four): (a) The <u>cost</u> of raising funds through different sources are different and a prudent financial manager would normally opt for a source which is the cheapest. 	identification +
	(b) The <u>risk</u> associated with each of the sources is different.	1 mark for each factor
	(c) Higher the floatation cost, less attractive the source.	$= 1 \times 4$ $= 4 \text{ marks}$
	<i>(d)</i> A stronger <u>cash flow position</u> may make debt financing more viable than funding through equity.	
	(e) If a business has high <u>fixed operating costs</u> , it must reduce fixed financing costs, thus, lower debt financing is better.	
	(f) Issues of more equity may lead to dilution of management's <u>control</u> over the business while debt financing has no such implication.	
	(g) <u>State of the capital market</u> may also affect the choice of source of fund as during the period when stock market is	= 1 + 4 = 5 marks





	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)	
	OR	OR
	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. (i) Identify and state the financial decision discussed in the above para graph. (ii) Explain two other factors that the Finance Manager should consider before selecting the project. 	1 mark for identification +
	Ans.	1 mark for
	(<i>i</i>) Investment decision The investment decision relates to how the firm's funds are invested in different assets.	statement = 2 marks +
	 (ii) Two other factors that Dheeraj needs to consider before selecting / rejecting any project: Cash flows of the project 	¹ / ₂ mark for naming each factor+ 1 mark for its
	• Investment criteria involved	explanation = 3 marks
		= 2+3 marks
		= 5 marks
12.	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 introduced by present employees or their friends and relatives may prove to be a good source of recruitment. (i) Identify the extremal source of recruitment discussed in the above paragraph. 	
(ii) State any four advantages of external sources of recruitment.	
Ans.(i)Recommendation of Employees(ii)Advantages of using External sources	1 mark for identification +
(a) By using external sources of recruitment, the management can attract qualified and trained people to apply for vacant jobs in the organisation.(b) When external sources are used, the management has a wider	1 mark for each advantage = 1 x 4
choice while selecting the people for employment.(c) External recruitment brings fresh talent in the organisation when present employees may be insufficient or do not fulfil the	= 4 marks
job specifications.(d)If a company taps external sources, the existing staff will have competitive spirit and work harder to show better performance.	=1+4 = 5 marks
(If an examinee has only listed the points, ½ mark for each point should be awarded.)	



