

**MARKING SCHEME  
ELEMENTS OF BUSINESS  
CLASS X**

1	D) Company	1												
2	D) Debentures	1												
3	D) Debit Note	1												
4	B) Buyer	1												
5	Speciality Store	1												
6	B) Written Communication	1												
7	A) A Seller to the buyer	1												
8	C) Common Seal	1												
9	C) Market Traders	1												
10	C) Encoding	1												
11	B) It helps them to get full information about the product.	1												
12	C) Cellular Companies	1												
13	D) All of the above	1												
14	D) Informal	1												
15	C) Radio	1												
16	C) Quotation	1												
17	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">BASIS OF DIFFERENCE</th> <th style="width: 33%;">DEPARTMENTAL STORES</th> <th style="width: 33%;">CHAIN STORES</th> </tr> </thead> <tbody> <tr> <td>Location</td> <td>Centrally Located to attract large number of customers.</td> <td>Established at number of places</td> </tr> <tr> <td>Credit facilities</td> <td>Departmental Stores provide credit facilities to regular and reputed customers.</td> <td>Multiple shops sell goods only on cash basis.</td> </tr> <tr> <td>Variety of Products</td> <td>Different types of products are sold under one roof.</td> <td>Specific Range of products are sold.</td> </tr> </tbody> </table>	BASIS OF DIFFERENCE	DEPARTMENTAL STORES	CHAIN STORES	Location	Centrally Located to attract large number of customers.	Established at number of places	Credit facilities	Departmental Stores provide credit facilities to regular and reputed customers.	Multiple shops sell goods only on cash basis.	Variety of Products	Different types of products are sold under one roof.	Specific Range of products are sold.	3
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18	<p>Limitations of Telephonic Conversation:</p> <ol style="list-style-type: none"> <li>1) Phone communication is less personal in many ways and can lead to miscommunication and misunderstanding.</li> <li>2) It is more expensive as compared to other methods of communication, like, email.</li> <li>3) Phones can raise privacy concerns not just over wire taps. Crossed lines do still happen and familiarity with using a phone can lead to confidential business conversations taking place in otherwise public settings.</li> </ol> <p style="text-align: center;">Or</p> <p>Advantages of an email:</p> <ol style="list-style-type: none"> <li>1. It is a fast method of communication.</li> <li>2. It is an inexpensive method of communication.</li> <li>3. As compared to traditional sources of communication, there is little chance of loss in transmission.</li> </ol>	3												
19	The difference between a cash transaction & credit transaction is the timing of the payment. A cash transaction is a transaction where payment is settled immediately. On the other hand, payment for a credit transaction is settled at	3												

	<p>a later date. For example, Ramesh buys grocery and makes payment immediately in cash it will be known as a cash transaction. However, if he makes the payment on a later date it will be known as a credit transaction.</p> <p style="text-align: center;">or</p> <p>Contract involving transfer of the possession and ownership (title) of a good or property, or the entitlement to a service, in exchange for money or value is known as a sale.</p> <p>Essential elements that must be present in a valid sale are:</p> <ol style="list-style-type: none"> <li>(1) competence of both the buyer and seller to enter into a contract,</li> <li>(2) mutual agreement on the terms of exchange,</li> <li>(3) a thing capable of being transferred, and</li> <li>(4) a consideration in money (or its equivalent) paid or promised.</li> </ol>	
20	<ol style="list-style-type: none"> <li>(1) Formation: 'He has got his company registered under Companies act, 2013.'</li> <li>(2) Separate Legal Entity: 'From the day of its registration, it acquired an identity separate from its members.'</li> <li>(3) Control: 'The Board of directors of the company appointed top officials for running the business.'</li> </ol>	3
21	<p>Credit Note :It is a letter sent by the supplier to the customer notifying the customer that he or she has been credited a certain amount due to an error in the original invoice or other reasons.</p> <p>Debit note: It is a a commercial instrument made and issued by the purchaser and delivered to seller giving details regarding the amount debited from the seller's account and the reasons for the same is known as Debit Note. The document provides information to the vendor that a debit has been made to his account in the buyer's book.</p>	3
22	<ol style="list-style-type: none"> <li>a. Usable benefit</li> <li>b. Quantity Gifts</li> <li>c. Rebate</li> </ol>	3
23	<p>Factors responsible for lack of popularity of mail order business in India (any four):</p> <ol style="list-style-type: none"> <li>(1) Lack of personal contact</li> <li>(2) High promotion cost</li> <li>(3) No after sales service</li> <li>(4) No credit facilities</li> <li>(5) Delayed delivery</li> <li>(6) Possibility of abuse</li> <li>(7) High dependence on postal services</li> </ol>	4
24	<p>The merits of retained earning as a source of finance are as follows (any four):</p> <ol style="list-style-type: none"> <li>(i)Retained earnings is a permanent source of funds available to an organisation</li> <li>(ii)It does not involve any explicit cost in the form of interest, dividend or floatation cost</li> <li>(iii)As the funds are generated internally, there is a greater degree of operational freedom and flexibility</li> <li>(iv)It enhances the capacity of the business to absorb unexpected losses</li> <li>(v)It may lead to increase in the market price of the equity shares of a company</li> </ol> <p style="text-align: center;">Or</p> <p>The major limitations of raising funds through issue of equity shares are as</p>	4

	<p>follows:</p> <p>(i) Investors who want steady income may not prefer equity shares as equity shares get fluctuating returns;</p> <p>(ii) The cost of equity shares is generally more as compared to the cost of raising funds through other sources;</p> <p>(iii) Issue of additional equity shares dilutes the voting power, and earnings of existing equity shareholders;</p> <p>(iv) More formalities and procedural delays are involved while raising funds through issue of equity share.</p>	
25	<ol style="list-style-type: none"> <li>1. Enable the Digital Workforce: Video conferencing software not only creates a more collaborative meeting culture in your organization, it's a foundation for enabling today's digital workforce. Video meetings help teams maintain human connections, irrespective of physical location, which speeds up decision making and improves your ability to collaborate globally.</li> <li>2. Increase Communication Reliability: Video conferencing provides a fast and secure way to communicate with your teams.</li> </ol>	4
26	<p>The importance of communication in management can be judged from the following points (any four):</p> <p>(i) Acts as basis of coordination: It provides coordination among departments, activities and persons in the organization. Such coordination is provided by explaining about organizational goals, the mode of their achievement and interrelationships between different individuals etc.</p> <p>(ii) Acts as basis of decision making: Communication provides needed information for decision making. In its absence, it may not be possible for the managers to take any meaningful decision.</p> <p>(iv) Increases managerial efficiency: Communication is essential for quick and effective performance of managerial functions.</p> <p>(v) Promotes cooperation and industrial peace: The two way communication promotes cooperation and mutual understanding between the management and workers.</p> <p>(vi) Establishes effective leadership: Communication is the basis of leadership. Effective communication helps to influence subordinates.</p> <p>(vii) Boosts morale and provides motivation: An efficient system of communication enables management to motivate, influence and satisfy the subordinates. Communication helps to boost morale of employees and managers.</p> <p style="text-align: center;">Or</p> <p>Few suggestive measures to overcome barriers to effective communication (any four):</p> <p>(i) Clarify the ideas before communication: The problem to be communicated to subordinates should be clear in all its perspective to the executive himself. The entire problem should be studied in depth, analysed and stated in such a manner that is clearly conveyed to subordinates.</p> <p>(ii) Communicate according to the needs of receiver: Manager should adjust his communication according to the education and understanding levels of subordinates.</p> <p>(iii) Consult others before communicating: Before actually communicating the message, it is better to involve others in developing a plan for communication. Participation and involvement of subordinates may help to</p>	4

	<p>gain ready acceptance and willing cooperation of subordinates.</p> <p>(iv)Be aware of languages, tone and content of message: The language used should be understandable to the receiver and should not offend the sentiments of listeners. The message should be stimulating to evoke response from the listeners.</p> <p>(v)Convey things of help and value to listeners: While conveying message to others, it is better to know the interests and needs of the people with whom you are communicating. If the message relates directly or indirectly to such interests and needs it certainly evokes response from communicatee.</p> <p>(vi)Ensure proper feedback: The communicator may ensure the success of communication by asking questions regarding the message conveyed. The communication process may be improved by the feedback received to make it more responsive.</p> <p>(vii)Communicate for present as well as future: Generally, communication is needed to meet the existing commitments to maintain consistency; the communication should aim at future goals of the enterprise also.</p> <p>(viii) Follow up communications: There should be regular follow up and review on the instructions given to subordinates. Such follow up measures help in removing hurdles if any in implementing the instructions.</p> <p>(ix)Be a good listener: Manager should be a good listener. Patient and attentive listening solves half of the problems. Managers should also give indications of their interest in listening to their subordinates.</p>	
27	<p>The importance of personal selling to a business organization may be described as follows:</p> <p>i)Effective Promotional Tool: Personal selling is very effective promotional tool, which helps in influencing the prospects about the merits of a product and thereby increasing its sale.</p> <p>(ii)Flexible Tool: Personal selling is more flexible than other tools of promotion such as advertising and sales promotion. It helps business persons in adopting their offer in varying purchase situations.</p> <p>(iii)Minimizes Wastage of Efforts: Compared with other tools of promotion, the possibility of wastage of efforts in personal selling is minimum. This helps the business persons in bringing economy in their efforts.</p> <p>(iv)Consumer Attention: There is an opportunity to detect the loss of consumer attention and interest in a personal selling situation. This helps a business person in successfully completing the sale.</p> <p>(v)Lasting Relationship: Personal selling helps to develop lasting relationship between the sales persons and the customers, which is very important for achieving the objectives of business.</p> <p style="text-align: center;">Or</p> <p>The American marketing association defines advertising as “any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor.” Following are the points of importance of advertising (any four):</p> <p>(i)Mass Reach: Advertising is a medium through which a large number of people can be reached over a vast geographical area. For example, an advertisement message placed in a national daily reaches lakhs of its subscribers.</p> <p>(ii)Enhancing Customer Satisfaction and Confidence: Advertising creates confidence amongst prospective buyers as they feel more comfortable and assured about the product quality and hence feel more satisfied.</p>	5

	<p>(iii)Expressiveness: With the developments in art, computer designs, and graphics, advertising has developed into one of the most forceful medium of communication. With the special effects that can be created, even simple products and messages can look very attractive.</p> <p>(iv)Economy: Advertising is a very economical mode of communication if large number of people are to be reached. Because of its wide reach, the overall cost of advertising gets spread over numerous communication links established. As a result the per-unit cost of reach comes low.</p>													
28	<p>A. The hire purchase system is essentially a contract for hiring of goods. The ownership rights remain with the seller and the customer exercises his option for purchasing the goods. The buyer can return the goods at any stage. The seller can also take back the goods in case of non-payment.</p> <p>B. When goods are sold and payment is agreed to be made in instalments, it is known as instalment payment system. In this case if there is default in payment of any instalment by the buyer, the seller cannot ask for the goods to be returned as the ownership rights pass to be buyer when goods are sold and initial payment is made. The seller can only sue the buyer in a law court for payment of the balance due.</p>	5												
29	<p>Multinational company: A huge industrial organization which extend its industrial and marketing operations through a network of branches in several countries.</p> <p>Following are the characteristics of a multinational company (any four):</p> <ol style="list-style-type: none"> <li>i. They have huge financial resources;</li> <li>ii. They generally enter into foreign collaboration with Indian companies;</li> <li>iii. They possess advanced technology;</li> <li>iv. They are engaged in product innovation;</li> <li>v. The marketing strategies of global companies are far more effective than other companies.</li> <li>vi. They expand their market territory beyond the physical boundaries of their country.</li> </ol> <p style="text-align: center;">or</p> <p>Following are the differences between a public company and a private company:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">BASIS OF DIFFERENCE</th> <th style="text-align: center;">PUBLIC COMPANY</th> <th style="text-align: center;">PRIVATE COMPANY</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">NUMBER OF MEMBERS</td> <td>Has a minimum of 7 members and no limit on maximum members</td> <td>Has a minimum of 2 and a maximum of 200 members, excluding the present and past employees.</td> </tr> <tr> <td style="text-align: center;">RESTRICTION ON TRANSFER OF SECURITIES</td> <td>Has no restriction on transfer of securities</td> <td>Restricts the right of members to transfer its shares</td> </tr> <tr> <td style="text-align: center;">INVITING PUBLIC</td> <td>Is not prohibited from inviting the public to subscribe to its securities</td> <td>Does not invite public to subscribe to its securities</td> </tr> </tbody> </table>	BASIS OF DIFFERENCE	PUBLIC COMPANY	PRIVATE COMPANY	NUMBER OF MEMBERS	Has a minimum of 7 members and no limit on maximum members	Has a minimum of 2 and a maximum of 200 members, excluding the present and past employees.	RESTRICTION ON TRANSFER OF SECURITIES	Has no restriction on transfer of securities	Restricts the right of members to transfer its shares	INVITING PUBLIC	Is not prohibited from inviting the public to subscribe to its securities	Does not invite public to subscribe to its securities	5
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	Minimum No. of Directors	Two	Three	
	Index of Members	Compulsory	Not Compulsory	
30	<p>(a) Fixed Capital requirements and Working Capital requirements</p> <p>(b) Fixed Capital requirements :In order to start business, funds are required to purchase fixed assets like land and building, plant and machinery, and furniture and fixtures. The funds required in fixed assets remain invested in the business for a long period of time.</p> <p>Working capital requirements: The financial requirements of an enterprise do not end with the procurement of fixed assets. No matter how small or large a business is, it needs funds for its day-to-day operations. This is known as working capital of an enterprise, which is used for holding current assets such as stock of material, bills receivables and for meeting current expenses like salaries, wages, taxes, and rent,etc.</p>			5