ELEMENTS OF BUSINESS (Subject Code 154)
CLASS X (2026–27)
MARKING SCHEME

Time allowed: 3 Hours **Maximum Marks: 70**

Q.No.	Question	Marks
1.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
2.	A) Limited	1
3.	C) The buyer gets possession of goods immediately but ownership is transferred only after the last instalment is paid.	1
4.	B) Snacks and beverages	1
5.	B) Only when the buyer approves or accepts the goods.	1
6.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
7.	B) Using facial expressions OR B) Know if the message is understood	1 1
8.	C) Non-store	1
9.	C) A branch of Big Bazaar in Delhi	1
10.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
11.	A) Statement I is true, Statement II is false. Or C) Ploughing Back of Profits	1 1
12.	C) Shareholders	1
13.	B) Trade Credit	1
14.	D) Specialty Store	1
15.	C) Purchase by Sample	1
16.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
17.	B) Before acceptance by the auctioneer	1
18.	C) Reduce the amount receivable from the buyer	1
19.	I) Riddhi Garments Ltd. has adopted video conferencing as its communication system. II) • It enables real-time audio and visual interaction, where participants at different locations can see and speak to each other instantly. • Allows easy sharing of documents and presentations, which helps in explaining ideas clearly and making quicker decisions. It also reduces travel costs.	1 2
20.	Three features of a Public Company are: i. Separate legal entity ii. Perpetual succession iii. Limited liability	 1 1 1

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

<table>
<tr><td>21.</td><td>A) Sender and Receiver:
Sender: Abhimanyu, the Sales Manager who is conveying the information.
Receivers: The members of the sales team who receive and understand the message.
B) Step of Communication Process:
The step involved is Encoding. In this stage, the sender converts ideas into a message. Abhimanyu organised the information about product features, pricing, and customers and prepared a presentation using simple language and examples so that the sales team could understand it clearly.</td><td>1
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<tr><td>22.</td><td>State any two differences between these two sources of finance.
A) Sources of Finance:
Equity Shares – Owner's Fund
Long-term Bank Loan – Borrowed Fund
B) Two major differences between Owner's Funds and Borrowed Funds can be quoted as follows:
<table>
<tr><th>Basis</th><th>Owner's Funds</th><th>Borrowed Funds</th></tr>
<tr><td>1. Definition</td><td>The Owner's Funds are the total amount invested by the owner of an enterprise and the accumulated profits that they have reinvested in the business.</td><td>The Borrowed Funds are the funds that a business raises through loans or borrowings from outside parties.</td></tr>
<tr><td>2. Control</td><td>The control of the enterprise rests with the individuals or entities that provide the capital for the business.</td><td>The providers of Borrowed Funds do not get any stake in the control of the enterprise by providing funds.</td></tr>
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<tr><td>23.</td><td>A) The store visited by Radhika is – Departmental Store.
B) Features (with lines from the passage):<ol type="i">
Wide variety of goods under one roof – "extensive variety of products available under one roof—from daily-use items to premium branded goods." This shows that departmental stores sell many types of products in one place.
Located in central areas of cities – "located in the heart of the city." Departmental stores are usually situated in prime locations for easy customer access.
Provides additional customer facilities – "provides additional facilities such as clean restrooms and a restaurant where customers can relax and eat." These stores focus on customer comfort and convenience.</td><td>1

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<tr><td>24.</td><td>Two qualities of a good salesman reflected in the case are:
1. Polite and Courteous Behaviour:
Megha greets customers warmly and remains calm even when they ask repeated questions or raise complaints. This polite attitude helps in building trust and creating a positive shopping experience for customers.
2. Good Product Knowledge:
She clearly explains the features, price, and maintenance of products and keeps herself updated with the latest designs and trends. This helps customers make better purchasing decisions and increases their confidence in the salesperson.</td><td>2

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<tr><th>Basis</th><th>Cash Transaction</th><th>Credit Transaction</th></tr>
<tr><td>1. Meaning</td><td>A transaction in which payment is made immediately at the time of purchase or sale of goods/services.</td><td>A transaction in which goods or services are purchased or sold with the promise to make payment at a later date.</td></tr>
<tr><td>2. Time of Payment
(a)</td><td>Payment is made instantly or on the spot.</td><td>Payment is made after a certain period of time as agreed between the buyer and seller.</td></tr>
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<tr><td>26.</td><td>Short Notes:
(i) Internal Business Communication:
Internal business communication refers to the exchange of information within an organization among managers, employees, and different departments. It helps in coordinating activities, giving instructions, sharing ideas, and maintaining smooth functioning of the organization. It may take place in upward, downward, or horizontal directions through meetings, emails, notices, reports, etc.
(ii) Non-Verbal Communication:
Non-verbal communication is the transmission of messages without using spoken or written words. It includes facial expressions, gestures, body language, eye contact, posture, and tone of voice. This type of communication helps to support or reinforce verbal messages and often expresses feelings and attitudes more effectively.</td><td>2

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<tr><td>27.</td><td>a) Method of Sale indicated here is the Hire Purchase System.
b) Two Features:
1. The buyer pays the price in instalments after making a down payment.
2. Ownership is transferred only after the last instalment is paid.
c) The seller will remain the owner of the laptop until the final instalment is paid.
d) Two Advantages for Buyers:
1. The buyer can use the product immediately without paying the full price at once.
2. The payment burden is reduced as the amount is paid in easy instalments.</td><td>1

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<tr><td>28.</td><td>(i) External Communication:
External communication refers to the exchange of information between an organization and people outside the organization such as customers, suppliers, government agencies, investors, and the general public. It helps in building business relationships, promoting products, sharing important information, and maintaining the image of the organization. It may take place through advertisements, emails, letters, reports, meetings, press releases, and social media.
(ii) Vertical Communication:
Vertical communication is the flow of information between different levels of management within an organization. It can move downward (from managers to employees in the form of instructions, policies, and guidelines) or upward (from employees to managers in the form of feedback, suggestions, or reports). It helps in coordination, supervision, and effective decision-making.
OR
Two Barriers of Effective Communication:
1. Language Barrier: Differences in language, difficult words, or unclear messages may cause misunderstanding among people.
2. Psychological Barrier: Emotions such as anger, fear, stress, or lack of interest can prevent the receiver from understanding the message properly.</td><td>3

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29.

Basis	Public Company	Private Company	
1. Number of Members	Under Public Company the minimum number of permitted members is 7; whereas there is no maximum limit on members.	Under Public Company the minimum number of permitted members is 2; whereas the maximum members can be 200.	2
2. Number of Directors	Minimum number of directors required are 3.	Minimum number of directors required are 2.	2
3. Transfer of Shares (a)	Shares under a Public Limited are freely transferable.	Under the Private Company, there are restrictions which exist on the transfer of shares.	2

30. Importance of Personal Selling to a Business Organization:

1. Increases Sales:
   Personal selling helps the business directly communicate with customers, explain product features, and persuade them to buy. This increases the chances of higher sales. 2
2. Builds Customer Relationships:
   Through personal interaction, salespersons develop trust and long-term relationships with customers, which leads to repeat purchases and customer loyalty. 2
3. Provides Market Feedback:
   Salespersons interact closely with customers and collect valuable information about customer needs, preferences, and complaints. This helps the business improve its products and marketing strategies. 2

OR

Importance of Advertising:

1. Creates Awareness:
   Advertising informs people about new products, features, prices, and availability in the market. 2
2. Increases Demand and Sales:
   Effective advertising attracts customers and encourages them to purchase the product, leading to higher sales. 2
3. Builds Brand Image:
   Regular advertising helps in creating a strong brand identity and trust among customers. 2