ELEMENTS OF BUSINESS (Subject Code 154)
MARKING SCHEME
CLASS – X (2025-26)

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) Equity Shares	1
3.	B) Hire Purchase	1
4.	B) Direct Selling	1
5.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
6.	A) Both the statements are true.	1
7.	A) Sender OR C) Using hand gestures to express feelings	1
8.	B) Automated Vending Machines	1
9.	B) A McDonald's outlet	1
10.	C) They operate by sending catalogs or advertisements to customers, who order goods by mail or online.	1
11.	A) Both the statements are true.	1
12.	C) Sole Proprietorship	1
13.	B) Trade Credit	1
14.	C) Specialty Store	1
15.	D) Both A and C	1
16.	A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	1
17.	B) The auction sale is a contract of sale between the auctioneer and the highest bidder.	1
18.	B) To request a reduction in the amount due to overcharging or returns.	1
19.	**Advantages:** • Email is fast, convenient, and allows for easy documentation and reference. • It enables communication with remote teams and is less expensive than physical meetings or postal mail. **Disadvantages:** • Emails may lead to miscommunications if not structured clearly. • Important information can be missed if attachments are not noticed or if the subject line is unclear.	3
20.	Anuj proposed registering the business as a **private company** to safeguard their **personal assets** through the benefit of **limited liability**. This means that personal assets of members are protected and cannot be used to repay business debts, thus reducing financial risk in case of business losses.	3
21.	**(A) Sonia is focusing on verbal communication.** She is ensuring clarity in spoken instructions to avoid errors.	3

	(B) To improve verbal communication, Sonia can: • Use clear, concise language. • Ask team members to repeat key points to ensure understanding. • Encourage questions to clarify any uncertainties. • Encourage feedback to confirm that the message was understood correctly.	
22.	The main advantage of issuing debentures is: (1) It does not dilute the ownership of the company. Debenture holders are creditors, not shareholders, meaning the existing ownership structure remains intact. (2) Interest payments on debentures are tax-deductible, potentially reducing the company's tax burden, and the company retains full control over its operations without giving up any equity.	3
23.	XYZ Retail is a chain store because: 1. It operates multiple outlets under the same brand across different locations. 2. The stores have uniform product offerings, consistent pricing, and centralized management. 3. The company focuses on economies of scale by purchasing products in bulk and promoting them through centralized marketing efforts. 4. The centralized structure helps maintain control over the brand and customer experience, ensuring consistency across all locations.	4
24.	Raj is an effective salesman because he possesses the following qualities: 1. **Punctuality:** He respects the customer's time, ensuring that appointments and meetings run on schedule. 2. **Product Knowledge:** He is well-informed about the products and can explain their features and benefits effectively. 3. **Listening Skills:** He listens carefully to customers' needs and tailors his approach to meet those needs. 4. **Customer-focused approach:** He provides personalized recommendations and ensures customers feel valued. 5. **Professionalism:** Raj handles objections and challenges professionally, maintaining a positive relationship with customers. **Follow-up:** He ensures customer satisfaction by following up after the sale, which builds loyalty and trust.	4
25.	**Cash Transaction:** • Completed immediately at the time of purchase. • The buyer makes full payment in cash or through direct electronic transfer. • Ownership of the goods or services is transferred immediately. **Credit Transaction:** • The buyer does not pay immediately but agrees to pay in installments or within a set period after the purchase. • The ownership of goods is transferred, but the seller waits for payment.	4
26.	. **(a) Written Communication:** Written communication involves the exchange of information through written symbols, such as letters, emails, reports, or notices. It is formal, offers a record of the communication, and is useful for conveying complex or detailed information. However, it may lack immediate feedback. **(b) Oral Communication:** Oral communication involves the spoken exchange of information through face-to-face conversations, phone calls, or video conferences. It allows for immediate feedback and fosters better personal connections, but it may lack a permanent record.	4

27.

(a) Hire Purchase System: In this system, Ravi will get the product immediately and pay in installments over a period. Ownership is transferred only after the final payment is made.

Installment System: Priya will have to pay in equal installments, but the product remains the property of the seller until full payment is made. Ownership is transferred after the last installment.

(b) Difference between Hire Purchase and Installment System:

1. **Ownership Transfer:** In hire purchase, ownership is transferred after the final installment; in installment, ownership is transferred after the first payment.
2. **Down Payment:** In hire purchase, a higher down payment is usually required compared to installment systems.
3. **Interest Rate:** Hire purchase typically has a higher interest rate than the installment system.
4. **Legal Ownership:** In hire purchase, the seller retains ownership until full payment; in installment, the buyer gets ownership after the first installment.

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28.

Process of communication:

The communication process consists of several steps:

1. **Sender:** The person who initiates the message.
2. **Encoding:** The process of converting the message into a suitable format.
3. **Medium:** The channel through which the message is communicated (e.g., email, face-to-face, phone).
4. **Receiver:** The person who receives the message.
5. **Decoding:** The process of interpreting the message.
6. **Feedback:** The response given by the receiver, confirming or clarifying the message.

OR

• **External Communication:** Refers to communication between the business and external entities such as customers, suppliers, investors, or the public. It includes marketing messages, press releases, and customer service interactions.

• **Vertical Communication:** Occurs within the organizational hierarchy, either upward (from subordinates to superiors) or downward (from superiors to subordinates). It helps in ensuring that instructions, feedback, and organizational goals are effectively communicated.

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29.

1. A public company requires a minimum of seven members to be formed, whereas a private company can be formed with just two members.

2. A public company can invite the public to subscribe to its shares or debentures, which helps in raising capital from a wider base. In contrast, a private company is prohibited from inviting the public to invest in its securities.

3. In a public company, shares are freely transferable, allowing shareholders to sell their shares easily, while in a private company, the transfer of shares is restricted as per its Articles of Association to maintain control within a close group.

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30.

Any six points :

S. No	Advertising	Personal Selling
1.	Non-personal communication method.	Personal communication method.
2.	Mass communication to reach a wide audience.	Direct communication with individual customers.

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3.	Uses media channels such as TV, radio, print, and online platforms.	Involves face-to-face interactions, phone calls, or video conferences.
4.	The message is typically standardized and consistent.	Messages can be customized based on individual customer needs.
5.	Requires less time and effort to reach a large audience.	Requires more time and effort to establish one-on-one relationships.
6.	Provides a limited opportunity for immediate feedback.	Provides immediate feedback and interaction with customers.
7.	The cost of reaching each individual customer is lower.	Cost per customer is higher due to personalized attention.
8.	Less persuasive as it relies on creative messaging.	More persuasive as it allows for personal persuasion and demonstration.
9.	Targets a broader audience and aims for brand awareness.	Targets specific individuals or customer segments.
10.	Can generate brand recognition and create long-term awareness.	Can build trust and establish strong relationships with customers.

(3)

OR

(a) Sales promotion refers to short-term marketing activities designed to stimulate immediate purchase or sales of a product or service. It is used as a tool to attract customers, enhance demand, or improve product visibility.

Features of Sales Promotion:

1. **Short-term focus:** Provides temporary incentives to boost sales.
2. **Customer attraction:** Engages customers through offers like discounts, coupons, or free samples.
3. **Various techniques:** Includes contests, buy-one-get-one offers, and point-of-purchase displays.
4. **Enhances brand visibility:** Attracts attention to products in competitive markets.

(3)

(b) Television advertising is a form of marketing communication that uses television broadcasts to promote products or services to a large audience.

Features of Television Advertising:

1. **Wide reach:** Targets large and diverse audiences.
2. **Audio-visual appeal:** Combines visuals, sound, and motion to create impactful messages.
3. **Expensive:** Requires significant investment for airtime and production costs.
4. **Emotional connection:** Effective in building emotional resonance with the audience.