CBSE Class 12 Business Studies Question Paper 2016 with Solution PDF-Set All India Set 1

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 hours **Maximum Marks: 80**

General Instructions

(i) Answers to questions carrying **1 mark** may be from **one word to one sentence**.
(ii) Answers to questions carrying **3 marks** may be from **50 - 75 words**.
(iii) Answers to questions carrying **4 - 5 marks** may be about **150 words**.
(iv) Answers to questions carrying **6 marks** may be about **200 words**.
(v) Attempt all parts of a question together.

1. 'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit ?' Give reason in support of your answer. [1 mark]

Solution:

Concept:

- Management requires both effectiveness and efficiency: the enterprise must achieve its objectives while using resources economically.
- Effectiveness means completing the right task and achieving the intended goal; efficiency means doing the task correctly with minimum cost and waste.

Step 1: Identify what the statement describes Doing the right task, completing activities and achieving goals describes effectiveness. It considers the result achieved, but does not by itself establish whether resources have been used economically.

Step 2: Add the requirement of efficiency Managers must also compare the benefit obtained with the cost incurred. A goal achieved through avoidable waste of money, time or materials is not efficient management. Both the desired result and the economical use of resources matter.

Step 3: Conclusion No. Management is concerned with both effectiveness and efficiency, so it must achieve its goals with minimum cost and optimum use of resources.

Quick Tip to Solve: Remember the pair: effectiveness asks whether the goal was achieved; efficiency asks how economically it was achieved.

2. Give the meaning of 'organising as a process'. [1 mark]

Solution:

Concept:

- Organising translates plans into a workable arrangement of tasks, people and resources.
- The process establishes authority and reporting relationships so that separate efforts contribute to common objectives.

Step 1: Identify and group the work The activities needed to carry out the plan are identified and divided into manageable tasks. Similar activities are grouped into departments so that the required work is clearly arranged.

Step 2: Assign duties and establish relationships Duties are allocated to suitable people, resources are provided, and authority and reporting relationships are established. This coordinates employees and enables them to work effectively together.

Step 3: Conclusion Organising as a process means identifying and grouping activities, assigning duties, and establishing authority and reporting relationships to enable people to work together effectively towards organisational objectives.

Quick Tip to Solve: For organising as a process, connect work division and grouping with duty assignment and reporting relationships.

3. Name the type of organisational structure which promotes flexibility and initiative. [1 mark]

Solution:

Concept:

- A divisional structure groups activities around different products or product lines.
- Each division has its own functions and is responsible for its performance, giving its manager scope for decisions.

Step 1: Recall the autonomy of a division Under a divisional structure, the divisional manager handles the operations of a particular product division. Responsibility for the division encourages the manager to take decisions rather than depend on a single central functional authority.

Step 2: Relate autonomy to the stated features The ability to decide within the division enables a quicker response to changing product conditions. It also encourages managers to exercise initiative and develop their capabilities.

Step 3: Conclusion The divisional organisational structure promotes flexibility and initiative.

Quick Tip to Solve: Link divisional structure with product divisions, divisional responsibility and greater freedom to take decisions.

4. State the role of 'route clerk' in functional foremanship. [1 mark]

Solution:

Concept:

- Taylor divided supervision between specialised foremen under functional foremanship.
- The route clerk belongs to the planning side and determines the sequence in which operations are to be performed.

Step 1: Place the route clerk in the planning department Functional foremanship separates planning from execution. The route clerk plans the route of production work before the shop-floor operations are carried out.

Step 2: State the specific responsibility The route clerk specifies the order and route through which the work must pass, including the sequence of operations. This provides a clear path for production instead of leaving the sequence to individual workers.

Step 3: Conclusion The route clerk specifies the route of production and the sequence of operations to be performed on the work.

Quick Tip to Solve: Associate route with the path and sequence of work; detailed work instructions belong to the instruction card clerk.

5. Name and state the aspect of financial management that enables to foresee the fund requirements both in terms of 'the quantum' and 'the timings'. [1 mark]

Solution:

Concept:

- Financial planning estimates the future financial requirements of an enterprise and decides how those requirements will be met.
- It considers both the amount of funds needed and the time when those funds must become available.

Step 1: Identify the financial management aspect The aspect is financial planning. Its forward-looking estimates enable a business to anticipate its requirements rather than arrange funds only after a shortage has arisen.

Step 2: Explain the amount and timing Financial planning forecasts how much finance will be needed for proposed activities and when it will be required. It also determines suitable sources so that adequate funds are available at the required time without unnecessary surplus finance.

Step 3: Conclusion The aspect is financial planning: estimating future fund requirements and determining their sources, so that funds are available in the required amount at the required time.

Quick Tip to Solve: The words quantum and timing together point to financial planning: how much finance is needed, and when.

6. Rizul Bhattacharya after leaving his job wanted to start a Private Limited Company with his son. His son was keen that the company may start manufacturing of Mobile-phones with some unique features. Rizul Bhattacharya felt that the mobile phones are prone to quick obsolescence and a heavy fixed capital investment would be required regularly in this business. Therefore he convinced his son to start a furniture business.

Identify the factor affecting fixed capital requirements which made Rizul Bhattacharya to choose furniture business over mobile phones. [1 mark]

Solution:

Concept:

- Technology upgradation affects fixed capital requirements because obsolete equipment must be replaced or modernised.
- Industries exposed to rapid technological change generally need more frequent investment in fixed assets.

Step 1: Locate the decisive case clue The case says mobile phones are prone to 'quick obsolescence' and that 'a heavy fixed capital investment would be required regularly'. These words identify repeated investment caused by technological change.

Step 2: Name and apply the factor The factor is technology upgradation. A mobile-phone business needs frequent technological renewal as products and production technology become outdated. Furniture is comparatively less affected by such rapid obsolescence, which explains the preference

stated in the case.

Step 3: Conclusion The factor is technology upgradation: rapid obsolescence in the mobile-phone business would require frequent additional fixed capital investment.

Quick Tip to Solve: When a case mentions obsolescence and repeated replacement investment, identify technology upgradation as the fixed-capital factor.

7. Name the function of marketing which is concerned with the cost and location of target market.

[1 mark]

Solution:

Concept:

- Gathering and analysing market information is the marketing function that provides facts needed for business decisions.
- Information about the target market, including its location and relevant costs, helps the marketer assess opportunities and plan marketing activities.

Step 1: Identify the information being sought The question refers to the 'cost and location of target market'. These are facts about the market that the business must collect and study before deciding how to serve its customers.

Step 2: Match the facts to the marketing function The function is gathering and analysing market information. A marketer collects relevant data and analyses it to understand the market situation and support decisions. The question asks about obtaining market knowledge rather than transporting products or setting their selling price.

Step 3: Conclusion The function is gathering and analysing market information.

Quick Tip to Solve: Facts about customers, target-market location and market conditions belong to gathering and analysing market information.

8. Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week the representative of the company visited Suman's residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her.

State the consumer right which Suman exercised.

[1 mark]

Solution:

Concept:

- The right to seek redressal entitles a consumer to relief against unfair trade practices or exploitation, including replacement of defective goods and compensation for loss or inconvenience.
- The relief sought and obtained helps identify the consumer right illustrated in a case.

Step 1: Identify the consumer's grievance Suman found "a piece of stone in the cheese" and complained about the defective product to the shopkeeper, who forwarded her complaint to the company.

Step 2: Link the remedy to the right The company offered "a new cheese pack with four other varieties of cheese as compensation". Replacement and compensation are remedies under the right to seek redressal. The case therefore illustrates obtaining relief for a defective purchase.

Step 3: Conclusion Suman exercised the **right to seek redressal**.

Quick Tip to Solve: In a consumer-rights case, replacement, refund or compensation points to the right to seek redressal.

9. Define 'Planning'. Explain the first two steps in the process of planning. [3 marks]

Solution:

Concept:

- Planning means setting objectives and developing an appropriate course of action to achieve them. It involves deciding in advance what to do and how to do it.
- The planning process begins with setting objectives, followed by developing premises. These provide the destination and the assumptions on which the plan is based.

Step 1: Define planning and set objectives **Meaning:** Planning is deciding in advance what to do and how to do it; it involves setting objectives and developing an appropriate course of action to achieve them.

First step—Setting objectives: The organisation specifies the results it wants to achieve. Objectives are established for the organisation as a whole and for its departments or units. They should be clearly stated so that managers and employees know what is expected and can direct their activities towards the same ends. For example, a business may aim to increase its sales by a specified percentage in the coming year.

Step 2: Develop planning premises **Second step—Developing premises:** Managers make assumptions about the future conditions in which the plan will operate. These assumptions, called planning premises, may concern demand, prices, government policy or other relevant conditions. Forecasts, existing plans and information about the business environment help establish them. Managers involved in planning should use consistent premises, since incompatible assumptions would lead to conflicting departmental plans.

Step 3: Conclusion Planning determines objectives and the course of action for achieving them. Its first two steps are **setting objectives** and **developing premises**.

Quick Tip to Solve: Remember the order: first decide the destination through objectives, then state the future assumptions through premises.

10. Mr. Fernandes is the owner of Unibie Enterprises, carrying on the business of manufacturing electrical appliances. There is a lot of discontentment in the organisation and targets are not being met. He asked his son, Michel, who has recently completed his MBA, to find out the reason.

Michel found that all decision making of the enterprise were in the hands of his father. Moreover, his father did not have confidence in the competency of the employees. Thus the employees were not happy.

(a) Identify any two communication barriers because of which 'Unibie Enterprise' was not able to achieve its target.

(b) State one more barrier each of the types identified in part (a) above. [3 marks]

Solution:

Concept:

- Organisational barriers arise from the organisation's policies, rules, structure or facilities. Personal barriers arise from the attitudes and perceptions of the sender or receiver.
- A restrictive organisational policy can discourage communication, while lack of confidence in subordinates prevents managers from seeking or accepting their suggestions.

Step 1: Identify the two barriers in the case **(a) Organisational policy—an organisational barrier:** Michel found that "all decision making of the enterprise were in the hands of his father". This centralised, unsupportive policy restricts employees' participation and discourages a free flow of communication and suggestions. It is the organisational-policy barrier.

Lack of confidence of superior in his subordinates—a personal barrier: The case says that his father "did not have confidence in the competency of the employees". Such distrust makes the superior unwilling to seek or accept employees' advice, obstructing effective communication.

Step 2: State one additional barrier of each type **(b) Organisational barrier—Rules and regulations:** Rigid rules prescribing formal channels and procedures may delay messages and discourage employees from communicating freely. Employees may avoid sharing useful information when the prescribed procedure is cumbersome.

Personal barrier—Fear of challenge to authority: A superior may withhold or suppress communication if a subordinate's suggestions appear to challenge the superior's authority. The obstacle here comes from the superior's personal attitude rather than the formal organisational procedure.

Step 3: Conclusion The case shows **organisational policy** and **lack of confidence in subordinates**. One additional organisational barrier is **rules and regulations**; one additional personal barrier is **fear of challenge to authority**.

Quick Tip to Solve: Classify the obstacle before naming it: policy and rules are organisational; distrust and fear of losing authority are personal.

11. Atul-The Assistant Manager, Vikas-The Marketing Head and Leena-The Human Resource Manager of 'Montac Enterprises Ltd.' decided to leave the company.

The Chief Executive officer of the company called the Human Resource Manager, Leena and requested her to fill up the vacancies before leaving the organisation. Leena suggested that her subordinate Miss Rama Wadhwa is very competent and trust worthy, if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Rama Wadhwa contacted 'Smith Recruiters' who advertised for the post of marketing head for 'Montac Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Atul's vacancy was filled up by screening the database of unsolicited applications lying in the office.

(a) Name the internal/external sources of recruitment used by 'Montac Enterprises Ltd'. to fill up the above stated vacancies.

(b) Also state any one merit of each of the above identified source of recruitment. [3 marks]

Solution:

Concept:

- Internal recruitment fills vacancies from existing employees; promotion moves an employee to a higher position with greater responsibility and authority.
- External recruitment brings candidates from outside the organisation. Placement agencies and management consultants, and casual callers, are distinct external sources.

Step 1: Identify the source used for each vacancy **Leena's vacancy—Promotion (internal source):** Her subordinate Rama Wadhwa was to be "moved up in the hierarchy". Filling a higher post with an existing employee is promotion.

Vikas's vacancy—Placement agencies and management consultants (external source): Rama "contacted 'Smith Recruiters' ", who obtained a suitable marketing head for the company. The recruiting intermediary is the source; its advertising is part of its search process.

Atul's vacancy—Casual callers (external source): The vacancy was filled by "screening the database of unsolicited applications lying in the office". Such applications received without a current invitation are maintained for future vacancies under the casual-callers source.

Step 2: State one merit of each source **Promotion:** It motivates existing employees because the prospect of advancement rewards good performance and encourages them to improve their work.

Placement agencies and management consultants: Their specialised services save the employer the effort of locating and screening suitable candidates, particularly for managerial positions such as marketing head.

Casual callers: Using an existing database of unsolicited applications reduces recruitment cost, since the company can identify potential candidates without issuing a fresh advertisement.

Step 3: Conclusion The sources are **promotion** for Leena's post, **placement agencies and management consultants** for Vikas's post, and **casual callers** for Atul's post. Their respective merits are employee motivation, specialised recruitment assistance and reduced recruitment cost.

Quick Tip to Solve: Match each vacancy separately: moved up means promotion, a recruiting firm means placement agency, and stored unsolicited applications mean casual callers.

12. Mr. Vikas Mehra was the Chairman of 'IBM Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce the taking over of 'UK Bank'. Mr. Vikas Mehra knew that the share price of 'IBM Bank' would rise on this announcement. Being a part of the Bank, he was not allowed to buy shares of the bank. He called one of his rich friends Mukand and asked him to invest ₹ 4 crores in shares of his bank promising him the capital gains.

As expected after the announcement, the share prices went up by 50% and the market price of Mukand's shares was now ₹ 6 crores. Mukand earned a profit of ₹ 2 crores. He gave ₹ 1 crore to Vikas Mehra and kept ₹ 1 crore with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Vikas Mehra.

Quoting the lines from the above para identify and state any two functions performed by SEBI in the above case. [3 marks]

Solution:

Concept:

- SEBI protects investors and regulates the securities market. Its protective functions include prohibiting insider trading, while its regulatory functions include inspection, enquiries and audits of market intermediaries.
- Insider trading means dealing in securities by using unpublished price-sensitive information. Information about a proposed takeover can affect a company's share price and must not be used for private gain before disclosure.

Step 1: Identify the regulatory function and quote its evidence **Inspection and conducting enquiries:** The relevant line is: "On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity." SEBI performs a regulatory function by inspecting and enquiring into the activities of stock exchanges and intermediaries such as brokers. These checks help it discover violations of securities-market rules and require those involved to follow the prescribed standards.

Step 2: Identify the protective function and relate it to the case **Prohibiting insider trading:** The relevant line is: "SEBI imposed a heavy penalty on Vikas Mehra." Mehra knew of the proposed takeover before it was announced and used Mukand to buy the bank's shares and share the resulting gain. Thus, he indirectly used unpublished price-sensitive information for personal benefit. SEBI's action checks insider trading and protects ordinary investors, who do not have access to such confidential information, from an unfair trading advantage.

Step 3: Conclusion The two functions are **inspection and conducting enquiries of intermediaries** (a regulatory function) and **prohibiting insider trading** (a protective function). The quoted inspection and penalty lines establish how SEBI performed them in this case.

Quick Tip to Solve: Link each quoted action to a precise SEBI function: inspection and enquiries are regulatory; action against trading on confidential takeover information is protective.

13. What is meant by a 'consumer' as per the provisions of Consumer Protection Act, 1986 ? [3 marks]

Solution:

Concept:

- Under the Consumer Protection Act, 1986, the term consumer covers a person who buys goods or hires or avails services for consideration, together with certain approved users or beneficiaries.
- Consideration is the payment agreed for the goods or services. It may be paid, promised, partly paid and partly promised, or payable under a system of deferred payment.

Step 1: State who is a consumer of goods **Buyer of goods:** A consumer is a person who buys any goods for consideration which has been paid or promised, partly paid and partly promised, or under any system of deferred payment. The definition also includes a user of those goods other than the buyer, provided that the use is made with the buyer's approval. A person obtaining goods for resale or for a commercial purpose is excluded. However, buying and using goods exclusively to earn one's livelihood by means of self-employment does not count as a commercial purpose for this exclusion.

Step 2: State who is a consumer of services **Hirer or beneficiary of services:** A consumer is a person who hires or avails any services for consideration which has been paid or promised, partly paid and partly promised, or under a system of deferred payment. It includes a beneficiary of the services other than the person hiring them, when the services are availed with that person's approval. A person availing services for a commercial purpose is excluded. Services rendered entirely free of charge or under a contract of personal service do not come within the Act's definition of service.

Step 3: Conclusion A consumer is therefore a buyer of goods or a hirer or user of services for consideration, including an approved user or beneficiary, subject to the Act's exclusions for resale and commercial purposes and its self-employment exception.

Quick Tip to Solve: Give both limbs of the definition: goods and services. Then mention consideration, approved users or beneficiaries, and the exclusion of resale or commercial use.

14. What is meant by 'Management' ? Explain its any three features that establish it as an Art.

[4 marks]

Solution:

Concept:

- Management is the process of getting things done with the aim of achieving organisational goals effectively and efficiently. Effectiveness concerns achieving the intended result, while efficiency concerns doing so with minimum resources and cost.
- Art means the skilful and personal application of existing knowledge to achieve desired results. Management has the characteristics of an art because managers apply knowledge to practical organisational situations.

Step 1: State the meaning of management Management brings together people and other resources through planning, organising, staffing, directing and controlling to achieve organisational objectives. It requires both effectiveness and efficiency: merely reaching a target is insufficient if resources are

unnecessarily wasted in doing so.

Step 2: Explain the three characteristics of management as an art

- **Existence of theoretical knowledge:** Every art rests on a body of basic knowledge. Management has theories, principles and techniques developed by management thinkers. A manager can study these principles and use this knowledge as a foundation when dealing with organisational problems.
- **Personalised application:** Possessing knowledge does not by itself make a person a successful practitioner. Each manager applies management principles according to personal judgement, experience and the demands of the particular situation. Thus two managers may handle the same problem differently while using the same underlying knowledge.
- **Based on practice and creativity:** An art is improved through regular practice and the creative use of knowledge. Managers gain skill by repeatedly dealing with people and business situations. Since conditions and people differ, they must creatively adapt general principles rather than mechanically repeat a fixed procedure.

Step 3: Conclusion Management aims at achieving organisational goals effectively and efficiently. Its theoretical foundation, personalised application of knowledge, and reliance on practice and creativity establish it as an art.

Quick Tip to Solve: Link each feature of art to what a manager does: studies principles, applies personal judgement, and improves through practice and creativity.

15. With change in the consumption habits of people, Neelesh, who was running a sweets shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates.

Identify and explain the dimensions of business environment discussed in the above case. [4 marks]

Solution:

Concept:

- Business environment includes the external forces that influence business decisions and performance. Changes in these forces can create opportunities for an entrepreneur who recognises and responds to them.
- The social environment includes customs, traditions, values, lifestyles and consumption habits. The technological environment includes scientific improvements and new ways of producing, communicating and conducting business.

Step 1: Identify and explain the social environment

- **Identify the evidence:** The case begins with “change in the consumption habits of people” and says that Neelesh shifted from a sweets shop to the chocolate business. It also refers to offering chocolates “On the eve of Diwali”.
- **Explain the dimension:** Consumption preferences and the tradition of celebrating festivals are elements of the social environment. A shift in people’s tastes towards chocolates creates demand

for a different product. Neelesh recognises this social change and adjusts his business to serve the changing preference; the festival provides a relevant occasion for the offer.

Step 2: Identify and explain the technological environment

- **Identify the evidence:** Neelesh "created a website chocolove.com for taking orders online". The case adds that he "got lot of orders online", showing that customers used this channel.
- **Explain the dimension:** The use of the internet and a website for receiving orders reflects the technological environment. Technology changes the methods through which a business communicates with customers and conducts transactions. By adopting an online ordering system, Neelesh responds to this technological opportunity and can take orders through an additional channel instead of relying only on purchases at the shop.

Step 3: Conclusion The dimensions are the **social environment**, reflected in changing consumption habits and the Diwali occasion, and the **technological environment**, reflected in the website and online ordering. Neelesh responds to both opportunities and earns profit from the chocolate business.

Quick Tip to Solve: In a case, match changing tastes and festivals to the social environment, and websites or online ordering to the technological environment; quote the evidence before explaining it.

16. 'My Car Ltd.' decided to set-up its new car manufacturing factory in the backward area of West Bengal where very less job opportunities were available. People of that area welcomed this effort of 'My Car Ltd.' The company also decided to provide facilities like school, hospital, market etc. in the factory premises so that the people are attracted to join the factory as workers.

'My Car Ltd.' started earning huge profit. Another competeting company asked its production manager 'Arvind' to investigate the reasons of earning huge profits by 'My Car Ltd.'

Arvind found that in both the companies there was systematic co-ordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain, where as 'My Car Ltd.' was allowing flow of communication in all the directions as per the requirement which lead to faster spread of information as well as quick feed-back. [4 marks]

16(a). Identify the type of organisation which permits the flow of communication in all the directions in 'My Car Ltd.'.

Solution:

Concept:

- Formal organisation specifies official authority and accountability relationships. Informal organisation develops through personal interaction and social relationships among employees.
- Informal communication is free to move in different directions rather than being restricted to the official scalar chain.

Step 1: Locate the decisive clue The case says that 'My Car Ltd.' was 'allowing flow of communication in all the directions as per the requirement'. This unrestricted flow distinguishes the arrangement from communication confined to the formal chain of authority.

Step 2: Identify the organisation The type is **informal organisation**. Its network connects employees through their social relationships, so information can travel across levels and departments. The case also describes formal responsibilities; informal relationships coexist with this formal structure rather than replacing it.

Step 3: Conclusion The organisation permitting communication in all directions in 'My Car Ltd.' is **informal organisation**.

Quick Tip to Solve: Use unrestricted communication across levels as the clue for informal organisation, even where formal authority relationships also exist.

16(b). Also state an advantage of the type of organisation identified in part (a) above.

Solution:

Concept:

- Informal organisation supplements the formal organisation through employees' personal relationships.
- An important advantage is faster communication because information need not pass through every link of the scalar chain.

Step 1: Name one advantage **Faster communication:** Informal networks transmit messages quickly across levels and departments. Employees can contact one another through social relationships without following each prescribed stage of the formal hierarchy.

Step 2: Connect it to the case The passage directly states that communication in all directions 'lead to faster spread of information as well as quick feed-back'. The company therefore receives information and responses promptly, helping people coordinate their work. This is one advantage, explained with its evidence, rather than a separate list of unrelated benefits.

Step 3: Conclusion One advantage of informal organisation is faster communication and quick feedback, as illustrated by the rapid spread of information in the company.

Quick Tip to Solve: For an advantage asked in a case, choose the benefit the passage explicitly illustrates and explain how the informal network produces it.

16(c). State any two values which 'My Car Ltd.' wants to communicate to the society.

Solution:

Concept:

- Values are socially desirable commitments reflected in business decisions and conduct.
- A value-based answer should identify the value and connect it to a specific action in the case.

Step 1: Identify employment and regional welfare **Concern for the disadvantaged and balanced regional development:** The company sets up its factory in a 'backward area of West Bengal where very less job opportunities were available'. Creating work there communicates concern for people

with limited employment opportunities and the development of a less developed region.

Step 2: Identify employee and community welfare **Concern for employee and community welfare:** Providing 'facilities like school, hospital, market etc.' shows commitment to education, health and everyday needs. These facilities improve the quality of life of workers and people around the factory, rather than treating profit as the only business concern.

Step 3: Conclusion Two values communicated are concern for disadvantaged people through employment and regional development, and concern for employee and community welfare through educational, medical and other facilities.

Quick Tip to Solve: Pair each value with a different action: the backward-area factory supports employment, while the school and hospital support welfare.

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17. 'A.S. Environs Ltd.' is dealing in Environment-Consultancy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the team leader used to travel by air whereas his team travelled by road/train. It was not only time consuming but also at times forced the female team members to travel alone.

As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO of the company came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that in future all the members including the leader would travel together and usefully utilise the travelling time in discussion about the presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.

State the features of the element of the function of management used by the CEO. [4 marks]

Solution:

Concept:

- Motivation is the process of stimulating people to act in a desired manner to accomplish desired goals. It is an element of directing.
- Motivation originates in an individual's needs and feelings. Financial as well as non-financial incentives can influence willingness to work.

Step 1: Identify motivation from the change in behaviour The element used by the CEO is **motivation**. Earlier, the subordinates were "not acting in a desired manner to achieve organisational goals". After the travel policy changed, "every member of the team started acting in a manner as desired by the team leader". These words show that the CEO stimulated employees' willingness to contribute. Travelling together addressed their concerns and improved their attitude towards work.

Step 2: State the four features of motivation

- **Motivation is an internal feeling:** Urges, drives, desires and aspirations within an individual influence behaviour. A manager must understand these needs to stimulate effort. Here, the unequal and inconvenient travel arrangements affected the team members' willingness to work.
- **Motivation produces goal-directed behaviour:** Motivated people direct their efforts towards desired organisational objectives. The revised policy had a "positive impact", and employees began

acting as the leader desired.

- **Motivation can be positive or negative:** Positive motivation uses incentives such as appreciation, recognition and better working conditions; negative motivation uses penalties or the fear of adverse consequences. The CEO used positive motivation by improving the travel arrangements rather than threatening punishment.
- **Motivation is a complex process:** Individuals differ in their needs, expectations and reactions. The same incentive may not motivate everyone equally, so managers must understand people and choose suitable measures.

Step 3: Conclusion The CEO used **motivation**, an element of directing. Its features are that it is an internal feeling, produces goal-directed behaviour, may be positive or negative, and is a complex process.

Quick Tip to Solve: When a case stresses a change in employees' willingness to act towards goals after an incentive or improved conditions, identify motivation and state its textbook features.

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18. A company was marketing 'Juicers' which were very popular due to their quality and after-sale-services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored the after sales, services. As a result its relations with the customers got spoiled and the image of the company in the public was damaged. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image. As a result the goodwill of the company improved in the society.

(a) Name and state the communication tool used by the marketer in the above case to improve its image.

(b) Also explain role of the tool as identified in Part (a). [4 marks]

Solution:

Concept:

- Public relations is the communication tool used to protect and promote an organisation's favourable image and build good relations with its various publics.
- It involves assessing public attitudes, communicating reliable information and taking suitable action to earn public understanding and goodwill; publicity is only one part of this broader activity.

Step 1: Identify and state the communication tool **(a) Public relations.** The company took measures to "protect and promote its favourable image", after neglect of after-sales service damaged customer relations. This directly indicates public relations. It is the deliberate effort to build and maintain good relations with customers and other sections of the public by favourable communication and responsible conduct. Here the aim is to restore confidence and goodwill, rather than merely announce a price concession or advertise the juicer.

Step 2: Explain its role in restoring confidence **(b) Role of public relations:**

- **Building awareness and a favourable image:** Appropriate information about the company, its

products and corrective actions creates a positive impression. This addresses the case statement that "the image of the company in the public was damaged".

- **Building credibility:** Communication through credible publicity and responsible action strengthens public trust. For this company, improving customer relations supports its claim that it cares about customers; favourable messages cannot replace satisfactory service.
- **Stimulating the sales force and dealers:** Favourable reports about the company and its products encourage salespeople and dealers. Restored goodwill makes them more confident when recommending the company's juicers and answering customer concerns.
- **Lowering promotion costs:** Public relations can secure favourable media attention at a lower cost than purchasing equivalent advertising space or time. It therefore helps communicate the company's improved image economically, although organising public relations activities still involves expenditure.

Step 3: Conclusion The tool is **public relations**: protecting and promoting a favourable corporate image through good relations with the public. Its roles include creating awareness, building credibility, encouraging salespeople and dealers, and reducing promotion costs. In the case, the resulting improvement in goodwill shows why this tool was appropriate.

Quick Tip to Solve: Link "favourable image" and "goodwill" to public relations; then explain its roles rather than listing advertising or sales-promotion techniques.

19. State the functions performed by financial market. [4 marks]

Solution:

Concept:

- A financial market brings together suppliers and users of funds and facilitates the creation and exchange of financial assets such as shares and debentures.
- By linking savers and investors, it channels savings towards productive investment and supports the efficient allocation of financial resources.

Step 1: State how the market channels funds and determines prices

- **Mobilisation of savings and channelling them into the most productive uses:** The financial market facilitates the transfer of savings from savers to investors. It gives savers a choice of financial investments and helps businesses obtain funds. By bringing the suppliers and users of funds together, it directs available resources towards productive uses rather than leaving savings idle.
- **Facilitating price discovery:** The interaction of the demand for and supply of a financial asset helps determine its price. Buyers seek financial assets and sellers offer them in the market; their transactions reveal the price at which they are willing to exchange the asset. The market therefore provides a mechanism for discovering prices rather than requiring each participant to fix a price in isolation.

Step 2: State how the market makes exchange easier

- **Providing liquidity to financial assets:** A financial market enables financial assets to be bought

and sold. An investor who needs cash can sell an existing investment instead of necessarily holding it until maturity. This ease of conversion makes investment more convenient and encourages the flow of savings into financial assets; it does not guarantee that every asset can be sold instantly at its original price.

- **Reducing the cost of transactions:** The market provides useful information about securities and a common mechanism through which buyers and sellers can transact. Participants spend less time, effort and money locating suitable counterparties and obtaining information. This reduces the search and information costs that would arise if each buyer and seller had to make independent arrangements.

Step 3: Conclusion Financial markets perform four main functions: **mobilising and channelling savings, facilitating price discovery, providing liquidity to financial assets, and reducing transaction costs**. Together these functions connect savers with users of funds and make investment and financial exchange more efficient.

Quick Tip to Solve: Recall the sequence "funds, price, liquidity, cost" and explain what the market does under each heading instead of merely naming market types.

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20. Two years ago Mayank obtained degree in food technology. For some time he worked in a company manufacturing Bread and Biscuits. He was not happy in the company and decided to have his own Bread and Biscuits manufacturing unit. For this he decided the objectives and the targets and formulated action plan to achieve the same.

One of his objective was to earn 50% profit on the amount invested in the first year. It was decided that raw materials like flour, sugar, salt etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Harsh as a Production-Manager who decided the exact manner in which the production activities are to carried out. Harsh also prepared a statement showing the requirement of workers in the factory throughout the year. Mayank informed Harsh about his sales target for different products, areawise for the forth coming quarter. While working on the production table a penalty of ₹ 150 per day was announced for not wearing the helmet, gloves and apron by the workers.

Quoting lines from the above para identify and explain the different types of plans discussed.

[5 marks]

Solution:

Concept:

- Planning specifies the ends to be achieved and the courses of action for achieving them. Different types of plans serve different purposes; a case may contain several types simultaneously.
- Objectives describe desired results; policies guide decisions; procedures prescribe a sequence of steps; methods prescribe the manner of performing a particular activity; budgets express expected results in numerical terms; rules specify compulsory conduct.

Step 1: Identify the desired result and the purchasing guideline

- **Objective:** "One of his objective was to earn 50% profit on the amount invested in the first year."

An objective is the desired future position or end result that management seeks to achieve. The specified rate of profit and first-year deadline give Mayank a definite target towards which activities can be directed and against which achievement can be assessed.

- **Policy:** "It was decided that raw materials like flour, sugar, salt etc. will be purchased on two months credit." A policy is a general guideline that channels thinking and decision-making. This credit-purchase guideline directs recurring purchase decisions and promotes consistency, rather than prescribing each individual purchase transaction.

Step 2: Distinguish the sequence of work from its exact manner

- **Procedure:** "He also decided to follow the steps required for marketing the products through his own outlets." A procedure lays down the routine steps in their chronological order for carrying out an activity. Here it specifies the sequence to be followed in marketing the products, so employees know what is to be done first and what follows.
- **Method:** Harsh "decided the exact manner in which the production activities are to carried out." A method specifies the prescribed way of performing a task. It concerns how the production work is performed, whereas a procedure concerns the order of its steps. Selecting a suitable method helps achieve consistency and efficiency in production.

Step 3: Identify the numerical statements and the mandatory instruction

- **Budget:** "Harsh also prepared a statement showing the requirement of workers in the factory throughout the year." A budget is a statement of expected results expressed in numerical terms. A manpower budget states the number of workers required over the period. The further statement that Mayank informed Harsh about his "sales target for different products, area wise for the forth coming quarter" also indicates a sales budget: expected sales are specified by product, area and period. A budget need not be expressed only in money; it may use physical units or labour requirements.
- **Rule:** "a penalty of Rs 150 per day was announced for not wearing the helmet, gloves and apron by the workers." A rule states exactly what must or must not be done and leaves no discretion regarding compliance. Wearing the specified protective equipment is compulsory; the penalty reinforces this requirement.

Step 4: Conclusion The plans illustrated are an objective (first-year profit target), a policy (credit purchases), a procedure (marketing steps), a method (manner of production), budgets (manpower requirements and product-wise, area-wise sales targets), and a rule (compulsory protective equipment).

Quick Tip to Solve: Match each case phrase to its purpose: result = objective, decision guideline = policy, sequence = procedure, exact way = method, numerical statement = budget, and compulsory conduct = rule.

21. Prateek is working in a multi-national company in Noida. He was running temperature for the last many days. When his blood was tested, he was found positive for malaria. He was admitted in the hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior 'Mr. B. Chatterjee'. Mr. B. Chatterjee, immediately sent a text message to the employees of the organisation requesting them to donate blood for Prateek. When the General Manager came to know about it he ordered for fumigation in the company premises and for cleaning the surroundings. [5 marks]

21(a). From the above para quote lines that indicate formal and informal communication.

Solution:

Concept:

- Formal communication follows the official organisational relationships and channels, such as a manager issuing work orders.
- Informal communication arises from social interaction and personal concerns outside the prescribed official work network. The communication medium alone does not decide its type.

Step 1: Quote the formal communication **Formal communication:** 'When the General Manager came to know about it he ordered for fumigation in the company premises and for cleaning the surroundings.' This is an official instruction issued by the General Manager in the exercise of managerial authority. Its purpose is to direct workplace sanitation activities, so it follows the formal organisational relationship.

Step 2: Quote the informal communication **Informal communication:** 'One of his colleagues sent a text message to his superior Mr. B. Chatterjee.' The next sentence, in which Mr. B. Chatterjee requests employees to donate blood for Prateek, continues this personal concern. These messages arise out of employees' social and humanitarian relationships, rather than a prescribed work-reporting procedure. A text message can carry either type; here the personal purpose establishes its informal character.

Step 3: Conclusion The General Manager's sanitation order illustrates formal communication; the colleague's message about Prateek and the appeal for blood donation illustrate informal communication.

Quick Tip to Solve: Decide from the authority and purpose of the message; a phone or text message is not automatically informal.

21(b). State any two features of informal communication.

Solution:

Concept:

- Informal communication is the exchange of information through social relationships among organisational members.
- It is commonly called the grapevine because messages move through an unofficial network rather than only through the prescribed hierarchy.

Step 1: Explain its social and unofficial character **Arises from social interaction:** Informal communication develops spontaneously from personal contact, friendship and shared interests. It is not

deliberately designed by management as part of the formal organisational structure. In the case, concern for Prateek's health prompts a colleague to share information and a superior to appeal for blood donation.

Step 2: Explain its unrestricted direction **Follows no prescribed route:** Messages can pass upward, downward or horizontally among people connected socially, without being confined to the scalar chain. This freedom generally helps information spread rapidly. The personal health information and appeal reach several people through their relationships, instead of being limited to an official reporting sequence. These are two distinct features: its spontaneous origin and its unrestricted route.

Step 3: Conclusion Two features of informal communication are that it arises spontaneously from social interaction and that it follows no fixed official channel or prescribed direction.

Quick Tip to Solve: Keep features distinct: explain where informal communication originates, then how its messages travel.

21(c). Identify any two values that are being communicated to the society in the above case.

Solution:

Concept:

- Values in a business case are the socially desirable principles demonstrated through the actions of managers and employees.
- Identify values from the stated conduct; connect each value to the line that provides evidence for it.

Step 1: Identify compassion and cooperation **Compassion and willingness to help others:** Mr. B. Chatterjee sends a message 'requesting them to donate blood for Prateek'. His prompt appeal shows concern for a seriously ill colleague and encourages employees to cooperate in meeting a human need. The case supports the value of helping a person in distress; it does not state that any particular employee actually donated blood.

Step 2: Identify concern for health and cleanliness **Concern for health, hygiene and employee welfare:** The General Manager 'ordered for fumigation in the company premises and for cleaning the surroundings'. This action reflects responsibility for a safe, clean workplace and the prevention of further illness. It demonstrates care for the wider workforce and surroundings, extending beyond helping only the one employee who is already ill.

Step 3: Conclusion Two values communicated are compassion and cooperation in helping a person in distress, and concern for health and hygiene through workplace sanitation.

Quick Tip to Solve: Use the blood-donation appeal for compassion and the fumigation order for health and hygiene; avoid claiming actions the case never reports.

22. State the steps in the controlling process. [5 marks]

Solution:

Concept:

- Controlling is the management function of comparing actual performance with predetermined standards so that organisational activities proceed according to plans.
- The controlling process moves from setting standards to measuring and comparing performance, analysing deviations and taking corrective action. Feedback links the results of control to subsequent planning.

Step 1: Set performance standards **Setting performance standards:** Standards are the criteria against which actual performance is measured. They should be clear, realistic and, as far as possible, measurable. For example, a sales standard may specify a sales target for a month. Where performance cannot be expressed numerically, qualitative standards, such as the quality of service, may be used.

Step 2: Measure actual performance **Measurement of actual performance:** Determine what has actually been achieved, using appropriate methods such as personal observation, sample checking and performance reports. Measure performance in the same units as the standards so that comparison is meaningful. Measurement should take place at suitable intervals and, wherever possible, during the activity so that errors can be detected promptly.

Step 3: Compare actual performance with standards **Comparison of actual performance with standards:** Compare the measured results with the predetermined standards to find deviations. For instance, actual sales below the planned sales target reveal an unfavourable deviation. The comparison shows both the extent and direction of the difference, providing a basis for deciding whether further investigation is necessary.

Step 4: Analyse the deviations **Analysing deviations:** Identify significant deviations and examine their causes. Through critical point control, managers focus on key result areas that are crucial to success. Through management by exception, they give priority to deviations that go beyond acceptable limits. Causes may include an unrealistic standard, defective equipment or inadequate employee training; the cause determines the appropriate response.

Step 5: Take corrective action **Taking corrective action:** Remove the causes of significant deviations so that performance returns to the planned course. Action may involve training employees, repairing machinery or improving the method of work. If the deviation arises because the standard itself is unrealistic, revise the standard. Follow up the action to check its effectiveness and use the feedback in future plans.

Step 6: Conclusion The five steps are setting performance standards, measuring actual performance, comparing it with standards, analysing deviations and taking corrective action. They enable managers to detect departures from plans and address their causes.

Quick Tip to Solve: Remember the sequence: set, measure, compare, analyse and correct. Keep comparison separate from analysis: one identifies the deviation, while the other investigates its causes.

23. Describe any four characteristics of 'co-ordination'. [6 marks]

Solution:

Concept:

- Coordination synchronises the efforts of individuals and departments so that their activities contribute to common organisational objectives.
- It binds the different management functions together. The following four characteristics explain how coordination brings separate efforts into a unified course of action.

Step 1: Explain integration of group efforts **Coordination integrates group efforts:** People join an organisation with different needs, skills and approaches to work. Their individual efforts do not automatically produce an effective group result. Coordination brings these diverse efforts together and gives them a common focus. It reconciles differences among people and departments so that their contributions support organisational goals, rather than remaining disconnected individual activities.

Step 2: Explain unity of action **Coordination ensures unity of action:** It creates a common purpose and aligns the timing and direction of activities. Each unit can understand how its work fits with the work of other units. For example, production schedules should match sales requirements and the availability of materials. Such alignment prevents conflict, duplication and gaps between activities, allowing the organisation to function as one team even though specialised tasks are performed separately.

Step 3: Explain its continuous nature **Coordination is a continuous process:** Coordination is needed throughout the functioning of an organisation; it cannot be achieved once and then abandoned. It begins at the planning stage and continues through organising, staffing, directing and controlling. As activities progress and circumstances change, managers must keep adjusting relationships and schedules. Regular communication and follow-up help maintain harmony among interdependent activities over time.

Step 4: Explain its pervasive nature **Coordination is an all-pervasive function:** It is required at every management level and in every department because the activities of the organisation are interdependent. Top management coordinates overall policies and the work of major departments; middle management coordinates units and sections; supervisory management coordinates employees' daily activities. Marketing, production, finance and personnel must also coordinate with one another to achieve common objectives.

Step 5: Conclusion Four characteristics of coordination are that it integrates group efforts, ensures unity of action, is a continuous process and is an all-pervasive function. Together, these features make the efforts of different individuals and departments contribute harmoniously to the organisation's goals.

Quick Tip to Solve: For a question asking any four characteristics, state four distinct textbook headings and explain each. Integration combines efforts; unity of action aligns their purpose, timing and direction.

24. Kay Ltd. is a company manufacturing textiles. It has a share capital of ₹ 60 lakhs. In the previous year its earning per share was ₹ 0.50. For diversification, the company requires additional capital of ₹ 40 lakhs. The company raised funds by issuing 10% Debentures for the same. During the year the company earned profit of ₹ 8 lakhs on capital employed. It paid tax @ 40%. [6 marks]

24(a). State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.

Solution:

Concept:

- Earnings per share (EPS) is the profit available to equity shareholders after interest and tax divided by the number of equity shares. Debentures add a fixed interest charge without increasing that share count.
- Share capital is a money amount, whereas the number of shares is a count. The amount of capital represented by each share is needed to convert one into the other; an unstated share denomination cannot be treated as given.

Step 1: Deduct interest before calculating tax The case states that the company raised Rs 40 lakh through "10% Debentures". Annual interest is therefore Rs 4 lakh. The Rs 8 lakh profit on capital employed is earnings before interest and tax, so calculate the profit available to equity shareholders in this order:

$$\text{Interest} = 40,00,000 \times 10\% = \text{Rs } 4,00,000,$$

$$\text{Profit before tax} = 8,00,000 - 4,00,000 = \text{Rs } 4,00,000,$$

$$\text{Tax} = 4,00,000 \times 40\% = \text{Rs } 1,60,000,$$

$$\text{Profit after tax} = 4,00,000 - 1,60,000 = \text{Rs } 2,40,000.$$

Interest is deducted before tax because it is an expense of borrowing, not a distribution of the after-tax profit.

Step 2: Compare the new EPS with the earlier EPS Let the unchanged number of equity shares be N. No fresh equity shares are issued in the stated arrangement. The new EPS is therefore Rs $2,40,000/N$, while the earlier EPS is Rs 0.50. Equality occurs when $N = 2,40,000/0.50 = 4,80,000$.

Shareholders lose in EPS if there are more than 4,80,000 shares, gain if there are fewer than 4,80,000 shares, and have unchanged EPS at exactly 4,80,000 shares. The printed data give "share capital of Rs 60 lakhs" but neither the number of equity shares nor their denomination. Thus the amount of capital does not settle which of these conditions applies. Choosing a particular face value would introduce additional data and could change the gain/loss verdict.

Step 3: Conclusion Profit available to equity shareholders is Rs 2.40 lakh. New EPS is Rs 2,40,000 divided by the number of equity shares. A unique numerical EPS and unconditional gain/loss verdict cannot be determined from the printed data: loss occurs for more than 4,80,000 shares, gain for fewer, and no change for exactly 4,80,000.

Quick Tip to Solve: Calculate interest, then tax, then divide by the actual equity-share count. Share capital alone cannot supply that count without the capital per share.

24(b). Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.

Solution:

Concept:

- Capital structure is the mix of owners' funds and borrowed funds used to finance a business. Debentures are borrowed funds carrying interest and a repayment obligation.
- The suitability of debt depends on factors such as the tax rate, cash-flow position and control considerations. A factor favouring debt is a financing consideration, not proof that the limited case establishes every favourable condition.

Step 1: Explain the tax advantage of interest **Tax rate:** Interest on debentures is deducted in arriving at taxable profit, whereas equity dividends are paid out of profit after tax. A higher corporate tax rate therefore makes debt relatively attractive. The case specifies tax "@ 40%". Interest of Rs 4 lakh on the Rs 40 lakh borrowing reduces tax by Rs 1.60 lakh at that rate, making the after-tax interest cost Rs 2.40 lakh, or 6% of the amount borrowed. This explains a tax advantage; it does not remove the obligation to pay interest.

Step 2: Explain cash-flow and control considerations

- **Cash-flow position:** Adequate and dependable expected cash inflows favour debentures because the company must pay interest on time and repay principal when due. Managers should prepare cash-flow forecasts covering these commitments. Accounting profits alone do not guarantee that cash will be available on the required dates.
- **Control:** Debenture holders ordinarily do not have voting rights. Raising the additional Rs 40 lakh by debentures can therefore help existing shareholders retain voting control. Fresh equity, in contrast, could dilute their proportionate voting rights. This favours debt when retaining control is a significant objective, subject to the company's capacity to service it.

These considerations must be evaluated together. Borrowing should not be recommended merely on a claim that it necessarily raises EPS; an unfavourable return relative to borrowing cost can work against equity shareholders.

Step 3: Conclusion Three factors favouring debentures are a high tax rate giving an interest tax shield, adequate dependable cash flows to service debt, and the desire to retain existing shareholders' voting control.

Quick Tip to Solve: For a debt-financing answer, connect tax to interest deductibility, cash flows to fixed payments, and control to voting rights.

25. Vasvi purchased a bottle of pickle from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District forum under Consumer Protection Act and got the relief. [6 marks]

25(a). Identify the important aspect neglected by the marketer in the above case.

Solution:

Concept:

- Labelling means designing and providing the label or information tag attached to a product or its package. It communicates the product's identity, characteristics, contents and other information needed by buyers.
- A label must communicate relevant particulars clearly. Merely putting a product into a bottle addresses packaging; it does not ensure that the information on that bottle is readable and useful.

Step 1: Identify the clue in the case The decisive statement is: "The information provided on the bottle was not clear." This directly concerns the way product information was communicated to the buyer. The aspect neglected by the marketer is therefore **labelling**, particularly the provision of clear and adequate information on the label. The case is not primarily about the physical protection or convenience provided by the bottle.

Step 2: Explain why the clue points to labelling A pickle-bottle label can inform consumers about the product, its ingredients, quantity, manufacture or expiry particulars, storage and use, and the producer. Such particulars help a buyer make an informed choice and use the product properly. Clear labelling is especially relevant for a consumable product. These are examples of information a label may provide, not a claim that the case specifies which particular detail was missing.

Vasvi "fell sick on consuming it" and obtained relief through the District forum. This shows the seriousness of the consumer's experience, but the marketing aspect is identified from the explicit statement about unclear information. The case does not give a medical explanation of her illness, so no particular cause or omitted ingredient should be invented.

Step 3: Conclusion The important aspect neglected was **labelling**: the marketer failed to communicate information clearly on the pickle bottle, as shown by the statement that the information provided was not clear.

Quick Tip to Solve: When the case stresses unclear product information, identify labelling; when it stresses the container's physical protection, examine packaging.

25(b). Explain briefly the functions of the aspect identified in (a) above.

Solution:

Concept:

- Labelling is a product-related marketing decision. A label may be a simple tag or a more detailed information panel, and performs several functions besides naming the product.
- The NCERT functions of labelling include describing the product and its usage, identifying it, grading it, assisting promotion, and providing information required by law.

Step 1: Explain the descriptive and identification functions The case says "The information provided on the bottle was not clear", illustrating the need for a readable label. The main functions include:

- **Describe the product and specify its contents:** A label communicates particulars such as contents, quantity, date of manufacture, expiry and instructions for use or storage, as applicable. On a pickle bottle, this information helps the consumer understand what is being purchased and how it should be used.
- **Identify the product or brand:** The name, symbol, trade mark and other label features distinguish a product and its producer from competing offerings. They help the buyer recognise and select the intended product when several similar bottles are displayed.

Step 2: Explain grading, promotion and legal information

- **Grade the product:** Labels can identify grades or categories when a firm sells a product in different qualities. Such designations let the buyer distinguish varieties and choose the grade suited to the requirement. This is a general labelling function; the case does not state that Vasvi's pickle was sold in several grades.
- **Assist promotion:** An attractive label with suitable graphics or messages draws attention to the product and communicates its distinguishing features. It can support a promotional offer and encourage purchase, while keeping the information truthful.
- **Provide legally required information:** Labels communicate particulars that the applicable law requires for the product. These may include manufacturer details, quantity, price and prescribed declarations or warnings. The relevant requirements depend on the product; clear disclosure helps protect consumers and supports compliance.

Step 3: Conclusion Labelling describes a product and its use, identifies the product or brand, distinguishes grades, supports promotion, and communicates legally required information. The unclear information in Vasvi's case shows the importance of its informative role.

Quick Tip to Solve: Recall five label functions: describe, identify, grade, promote and disclose required information. Explain each role rather than listing only label contents.