CBSE Class 12 Business Studies Question Paper 2017 with Solution PDF-Set 66/3

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. Why is 'Aptitude Test' conducted in the process of selection ? [1 mark]

Solution:

Concept:

- Selection tests assess qualities relevant to the job before a candidate is appointed.
- An aptitude test measures the potential to learn new skills rather than only present proficiency.

Step 1: Identify the quality tested A candidate may not yet possess all the skills required for a particular job. The selection process therefore needs to assess the capacity to acquire those skills through training.

Step 2: State the purpose An aptitude test is conducted to measure the individual's potential for learning new skills. It indicates the ability to develop and thus helps predict future performance after suitable training.

Step 3: Conclusion An aptitude test measures a candidate's potential for learning new skills and developing the ability required for the job.

Quick Tip to Solve: Link aptitude with the ability to learn; a trade test checks skills already acquired.

2. Isha Machines was a renowned name for quality sewing machines since 1960. Mr. Suresh, the owner of Isha Machines, was worried as the production had declined during the last three months. He directed the Production Manager to find out the reason. The Production Manager ordered the different supervisors to prepare a performance report of the workers working under them.
Identify the step taken by the Production Manager that is related to one of the functions of management.

[1 mark]

Solution:

Concept:

- Controlling involves measuring actual performance, comparing it with standards and taking corrective action.
- Performance reports provide information about the work actually accomplished.

Step 1: Locate the action in the case The Production Manager ordered supervisors to 'prepare a performance report of the workers working under them'. These reports collect information about actual output and work performance.

Step 2: Identify the controlling step Collecting this information is measurement of actual performance. The manager has not yet compared the reports with standards or decided corrective action; the immediate step described is obtaining actual performance data.

Step 3: Conclusion The step is measurement of actual performance, under the controlling function of management.

Quick Tip to Solve: Identify what the manager does now: reports measure performance; comparison and correction follow later.

3. Give the meaning of 'supervision' as an element of directing. [1 mark]

Solution:

Concept:

- Directing guides employees in carrying out organisational work.
- Supervision is the direct oversight and guidance of employees while they perform their duties.

Step 1: Explain oversight Supervision means overseeing the efforts of employees. The supervisor observes work in progress to check that activities are being carried out according to plans and instructions.

Step 2: Include guidance It also means guiding employees in performing their tasks. By maintaining direct contact, clarifying instructions and helping with work difficulties, the supervisor supports effective performance rather than merely watching employees.

Step 3: Conclusion Supervision is the process of overseeing the efforts of employees and guiding them in performing their tasks.

Quick Tip to Solve: In the definition of supervision include both elements: overseeing work and guiding employees.

4. What is meant by 'Capital Structure' ? [1 mark]

Solution:

Concept:

- A business finances its long-term requirements through different sources of funds.
- Capital structure expresses the mix of owners' funds and borrowed funds in total long-term capital.

Step 1: Identify the sources Owners' funds include equity share capital, preference share capital and retained earnings. Borrowed funds include sources such as debentures and long-term loans, which create repayment obligations.

Step 2: Define the financing mix Capital structure refers to the proportion of debt and equity used to finance a business. It describes the relative composition of these long-term sources rather than the amount invested in individual assets.

Step 3: Conclusion Capital structure is the mix of debt and equity, or borrowed funds and owners' funds, used in the long-term financing of a business.

Quick Tip to Solve: Remember capital structure as the debt-equity mix; asset purchases describe uses of funds, not this mix.

5. Mansi took her niece, Ridhima, for shopping to 'Mega Stores' to buy her a bag for her birthday. She was delighted when on payment of the bag she got a pencil box along with the bag free of cost. Identify the technique of sales promotion used by the company. [1 mark]

Solution:

Concept:

- Sales promotion uses short-term incentives to encourage customers to buy a product.
- Product combination offers an additional product as a gift along with the purchase of the main product.

Step 1: Identify the incentive Mansi received 'a pencil box along with the bag free of cost'. She paid for the bag, while a separate product was supplied without an additional charge.

Step 2: Name the technique The technique is product combination. Two different products are offered together, with the pencil box serving as the free gift. It is not a discount on the bag's price or an extra quantity of the same product.

Step 3: Conclusion The company used product combination: a free pencil box was offered along with the purchase of the bag.

Quick Tip to Solve: A different free product with the main purchase indicates product combination; extra quantity of the same product indicates a quantity gift.

6. Sika Ltd., a reputed industrial machines manufacturer, needs Rupees twenty crores as additional capital to expand the business. Mr. Amit Joshi, the Chief Executive Officer (CEO) of the company wants to raise funds through equity. The Finance Manager, Mr. Narinder Singh, suggested that the shares may be sold to investing public through intermediaries, as the same will be less expensive. Name the method through which the company decided to raise additional capital. [1 mark]

Solution:

Concept:

- The primary market enables a company to raise fresh capital by issuing securities.
- Under an offer for sale, securities reach the investing public through intermediaries rather than through a direct public issue by the company.

Step 1: Read the decisive clue The Finance Manager suggested that shares be sold to the 'investing public through intermediaries'. The company wants equity capital, so the question concerns a method of floating shares in the primary market.

Step 2: Match the issue method This is an offer for sale. The issuing company sells securities to intermediaries, such as issuing houses or stockbrokers, at an agreed price; the intermediaries then resell them to the investing public. This arrangement avoids a direct offer by the company.

Step 3: Conclusion The method is offer for sale, in which intermediaries sell the securities to the investing public.

Quick Tip to Solve: Public subscription through intermediaries points to offer for sale; a direct invitation by the company points to an offer through prospectus.

7. Differentiate between 'formal' and 'informal' organisation on the basis of 'flow of communication'.

[1 mark]

Solution:

Concept:

- Formal organisation is the officially prescribed structure of authority and relationships.
- Informal organisation arises through personal and social relationships, so its communication does not depend on prescribed authority channels.

Step 1: Compare the communication routes

Basis	Formal organisation	Informal organisation
Flow of communication	Communication flows through the prescribed scalar chain or official channels.	Communication may flow in any direction through social contacts and the grapevine.

Step 2: Clarify the distinction Formal communication follows the officially established reporting relationships. Informal communication can pass across levels and departments without following that chain, because it rests on personal interaction.

Step 3: Conclusion Formal organisation follows prescribed official communication channels; informal organisation permits communication in any direction.

Quick Tip to Solve: For this basis compare the route of communication: scalar chain in formal organisation and free social channels in informal organisation.

8. Bhagwati Enterprises is a company engaged in the marketing of air-conditioners of a famous brand. The company has a functional structure with four main functions – Purchase, Sales, Finance and Staffing. As the demand for the product grew, the company decided to recruit more employees.

Identify the concept which will help the Human Resource Manager to find out the number and type of personnel available so that he could decide and recruit the required number of persons for each department.

[1 mark]

Solution:

Concept:

- Estimating manpower requirements determines the number and kind of employees needed by an organisation.
- Workforce analysis assesses the existing personnel available, while workload analysis assesses the personnel required to perform the work.

Step 1: Identify what the manager must assess The case specifically asks for the number and type of personnel already available. This is an assessment of the existing workforce rather than a search for prospective applicants.

Step 2: Name the relevant analysis The concept is **workforce analysis**. The Human Resource Manager compares the existing workforce with the required workforce to identify any department-wise shortage and recruit accordingly.

Step 3: Conclusion The concept is **workforce analysis**, undertaken while estimating manpower requirements.

Quick Tip to Solve: Available employees indicate workforce analysis; employees needed for the volume of work indicate workload analysis.

9. Ramnath Ltd. is dealing in import of organic food items in bulk. The company sells the items in smaller quantities in attractive packages. Performance of the company has been up to the expectations in the past. Keeping up with the latest packaging technology, the company decided to upgrade its machinery. For this, the Finance Manager of the company, Mr. Vikrant Dhull, estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis.

Therefore, Mr. Vikrant Dhull began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources. For the remaining funds he is trying to find out alternative sources.

Identify the financial concept discussed in the above paragraph. Also, state any two points of importance of the financial concept, so identified. [3 marks]

Solution:

Concept:

- Financial planning estimates future financial requirements and specifies the sources from which funds will be obtained.
- It matches the amount and timing of available funds with business requirements, linking investment and financing decisions.

Step 1: Identify the financial concept from the case The concept is **financial planning**. Mr. Vikrant Dhull estimates the amount and timing of funds needed for the machinery upgrade. His sales forecast and profit estimates help assess internal funds; he explores alternative sources for the balance. The phrase "linking the investment and the financing decisions on a continuous basis directly supports this identification.

Step 2: State the first point of importance **Ensures availability of funds when required:** Financial planning forecasts how much finance the business needs and when it needs it. By arranging suitable sources in advance, Ramnath Ltd. can obtain funds for the machinery at the required time and avoid disruption caused by a shortage.

Step 3: State the second point of importance **Avoids unnecessary raising of funds:** Comparing requirements with internal funds helps the company raise only the necessary balance from outside sources. It avoids surplus funds lying idle and the needless cost associated with obtaining funds that the business does not require.

Step 4: Conclusion The concept is **financial planning**. It ensures timely availability of funds and avoids unnecessary raising of finance.

Quick Tip to Solve: An estimate of both the amount and timing of finance, followed by a plan of sources, signals financial planning.

10. Hemant, Guddu and Toshita were friends from college days and presently they were doing different kinds of business. They regularly meet and discuss their business ideas, and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns, etc.

In one of such meetings, Hemant drew the attention of Guddu and Toshita towards the exploitation of consumers. He told that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas he was not doing so. Guddu told that they were under pressure to satisfy the consumers but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same.

Toshita stressed that a company cannot achieve its objectives without satisfying the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind, because business is run by the resources made available by the society. She further stated that she herself was taking into consideration the needs of the customers.

Identify the various types of thinking that guided Hemant, Guddu and Toshita in the marketing efforts of their business. Also, state one more feature each of the various types of thinking identified that is not given in the above paragraph. [3 marks]

Solution:

Concept:

- A marketing philosophy guides the business in choosing the focus and means of its marketing efforts.
- The selling concept emphasises selling existing products; the marketing concept starts with customer needs; the societal marketing concept also considers long-term social welfare.

Step 1: Identify Hemant's thinking and add a feature **Hemant: Societal marketing concept.** His concern for the "social, ethical and ecological aspects of marketing points to the societal marketing philosophy. **Additional feature:** The business must balance company profits, consumer satisfaction and society's long-term interests when making marketing decisions, rather than maximise immediate sales alone.

Step 2: Identify Guddu's thinking and add a feature **Guddu: Selling concept.** He believes consumers "would not buy or not buy enough unless they were adequately convinced and motivated. **Additional feature:** The starting point is the firm's existing products, and its objective is profit through increased sales volume. The business uses intensive selling and promotional efforts to sell what it has already produced.

Step 3: Identify Toshita's thinking and add a feature **Toshita: Marketing concept.** She says a company cannot achieve its objectives "without satisfying the needs of the customers. **Additional feature:** Customer needs are identified before products are developed, and all marketing activities are coordinated to serve the chosen target market more effectively than competitors. Profits follow customer satisfaction.

Step 4: Conclusion Hemant follows the **societal marketing concept**, Guddu the **selling concept**, and Toshita the **marketing concept**.

Quick Tip to Solve: Match long-term social welfare to societal marketing, persuasion to selling, and starting with customer needs to marketing.

11. Explain briefly 'Remuneration of Employees' and 'Scalar Chain' as principles of general management.

[3 marks]

Solution:

Concept:

- Fayol's principles are general guidelines for managerial decisions and organisational relationships.
- Remuneration concerns fair compensation; scalar chain concerns the formal line of authority and communication.

Step 1: Explain remuneration of employees **Fair and reasonable pay:** Employees should receive remuneration that is fair to them and affordable for the organisation. It should provide a reasonable standard of living and satisfy employees, while remaining within the company's paying capacity.

Factors and effect: Pay should take account of factors such as living costs, prevailing wage rates, the work performed and the employer's ability to pay. Fair remuneration encourages motivation and helps maintain harmonious relations between management and workers.

Step 2: Explain the scalar chain **Formal hierarchy:** Scalar chain is the line of authority and communication running from the highest executive to the lowest rank. In normal circumstances, communication should follow this chain so that authority relationships are respected and communication remains orderly.

Gang plank in an emergency: When following the full chain would cause delay in an urgent matter, employees at the same level may communicate directly through a gang plank, with their superiors' knowledge or permission. This saves time while preserving the authority structure.

Step 3: Conclusion **Remuneration of employees** requires fair compensation satisfactory to both employees and the organisation. **Scalar chain** establishes the formal hierarchy, with a gang plank permitting urgent direct communication.

Quick Tip to Solve: For remuneration, mention fairness to both parties; for scalar chain, explain the hierarchy and its emergency gang-plank exception.

12. State any three limitations of planning. [3 marks]

Solution:

Concept:

- Planning means deciding in advance what to do and how to do it. It provides direction, but its usefulness is affected by certain limitations.
- NCERT identifies rigidity, difficulty in a dynamic environment and reduction of creativity among the limitations of planning.

Step 1: State how planning creates rigidity **Planning leads to rigidity:** A specific plan lays down the course of action for achieving an objective. Managers and employees may then follow the predetermined course even when circumstances call for a change. Such inflexibility makes it difficult to alter an established plan to suit changed conditions.

Step 2: State the limitation caused by environmental changes **Planning may not work in a dynamic environment:** Business operates in an environment whose economic, political, technological and competitive conditions keep changing. Planning depends on assumptions about the future. Unexpected changes can make these assumptions incorrect, so a plan prepared for one set of conditions may become ineffective under another.

Step 3: State how planning reduces creativity **Planning reduces creativity:** Plans are usually formulated by top management, while other employees implement them. When employees are expected only to carry out predetermined plans, they have less opportunity to think independently or suggest new methods. Their initiative and creativity may therefore be restricted.

Step 4: Conclusion Three limitations are that planning leads to rigidity, may not work in a dynamic environment and reduces creativity.

Quick Tip to Solve: Remember rigidity, changing environment and creativity; connect each limitation to the way a predetermined plan affects action.

13. Explain briefly any three personal barriers to communication. [3 marks]

Solution:

Concept:

- Communication is the exchange of ideas, information and understanding between people. Personal barriers arise from the attitudes and interests of the sender or receiver.
- These barriers include fear of challenge to authority, lack of confidence in subordinates and unwillingness to communicate. They obstruct the free flow of information even when the words themselves are clear.

Step 1: Explain fear of challenge to authority **Fear of challenge to authority:** A superior may believe that communicating certain information to subordinates will weaken the superior's authority or position. To protect that position, the superior may withhold or suppress the information. Employees consequently do not receive information that they need, and communication becomes ineffective.

Step 2: Explain lack of confidence in subordinates **Lack of confidence of a superior in subordinates:** If a superior doubts subordinates' competence or ability, the superior may not seek their advice or suggestions. Useful ideas and feedback from employees are then ignored or discouraged. This prevents a genuine two-way exchange and deprives the organisation of information available at lower levels.

Step 3: Explain unwillingness to communicate **Unwillingness to communicate:** Subordinates may hesitate to pass information to their superior when they believe that doing so could adversely affect their own interests. For instance, an employee may conceal a mistake for fear of criticism or punishment. Relevant information is thus withheld, preventing the superior from understanding the actual situation.

Step 4: Conclusion Any three personal barriers are fear of challenge to authority, lack of confidence of a superior in subordinates and unwillingness of subordinates to communicate information that may harm their interests.

Quick Tip to Solve: For personal barriers, identify whose attitude blocks the message: the superior's fear or distrust, or the subordinate's concern for personal interests.

14. Give the meaning of 'Objectives' and 'Procedure' as types of plans. [4 marks]

Solution:

Concept:

- Planning involves deciding in advance what is to be achieved and how it is to be achieved. Different types of plans specify the ends and the means of organisational action.
- Objectives state the desired results, whereas a procedure prescribes the sequence of activities to be followed in carrying out a particular task.

Step 1: Explain objectives as the ends to be achieved **Objectives:** Objectives are the desired future positions or results that management seeks to achieve through its activities. They represent the end points of planning and give direction to the efforts of individuals and departments. Other plans are formulated to accomplish these objectives. For example, an enterprise may set an objective of increasing its sales by ten per cent during the next financial year. This specifies the result sought; it does not by itself prescribe every activity needed to attain it.

Step 2: Explain a procedure as an ordered way of doing a task **Procedure:** A procedure is a routine sequence of steps specifying the exact manner in which an activity is to be performed. It lays down the chronological order of actions to be followed in particular circumstances. Procedures help employees carry out recurring tasks consistently and avoid confusion about what comes next. For example, a purchase procedure may require a purchase requisition, invitations for quotations, comparison of quotations, placement of the order and inspection of the goods received, in that order. Thus, a procedure explains the sequence of work rather than the ultimate result sought.

Step 3: Conclusion Objectives specify **what results are to be achieved**; procedures prescribe **the sequence of actions for performing a task**. Both guide action, but objectives define the ends and procedures organise the recurring steps used in pursuing them.

Quick Tip to Solve: Associate an objective with a desired result and a procedure with a chronological sequence. Do not define a procedure as just one method of performing a single step.

15. Rishitosh Mukerjee has recently joined AMV Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments is improved.

(a) Identify the level at which Rishitosh Mukerjee was working.

(b) Also, state three more functions required to be performed by Rishitosh Mukerjee at this level.

[4 marks]

Solution:

Concept:

- Middle management links top management with supervisory management. Departmental heads are responsible for implementing organisational plans through the work of their departments.
- Ensuring adequate departmental personnel and cooperation with other departments are middle-management responsibilities. Identification must be supported by these specific clues in the

case.

Step 1: Identify the management level from the case **(a) Middle level of management:** Rishitosh Mukerjee was working at the middle level. The case states that he ensured his department had the "required number of employees" and improved its "cooperation with other departments". These are responsibilities of a departmental head who organises departmental resources and coordinates with other departmental heads. He is implementing organisational plans within a department, rather than determining the overall objectives of the entire company or directly supervising only the day-to-day work of individual workers.

Step 2: State three additional functions at this level **(b) Three more functions are:**

Interpret top-management policies: He must understand the policies framed by top management and explain them to the members of his department. This enables subordinates to understand how the organisation's broader decisions apply to their own work.

Assign duties and responsibilities: He must allocate the necessary duties and responsibilities to departmental personnel. Clear assignment tells each employee what work is expected and establishes responsibility for its performance.

Motivate departmental personnel: He must encourage employees to achieve the desired departmental objectives. By providing guidance and inspiring their efforts, he helps translate plans and assigned tasks into effective performance.

Step 3: Conclusion Rishitosh is a **middle-level manager**. In addition to ensuring sufficient staff and interdepartmental cooperation, he must interpret top-management policies, assign duties and responsibilities, and motivate his department's personnel towards its objectives.

Quick Tip to Solve: When a case already names two functions, use those as identification clues and supply different functions when asked for "three more".

16. Sanket, after completing his entrepreneurship course from U.S.A. returned to India and started a coffee shop 'Fioma Coffee' in a famous mall in Mumbai. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanket was keen to find out the reason. He appointed Riya, an MBA from a reputed management institute as a manager to find out the causes of the business not doing well.

Riya, took a feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions which could be eliminated. She fixed a standard time for processing the order. She also realised that there were many flavours whose demand was not enough. So, she also decided to discontinue the sale of such flavours. As a result, within a short period Riya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Riya to solve the problem.

[4 marks]

Solution:

Concept:

- Taylor's scientific management replaces guesswork with systematic study of work so that tasks can be performed efficiently, with less waste and a scientifically determined standard.
- Time study determines the standard time needed to perform a well-defined job. Simplification eliminates unnecessary varieties of products, sizes or types to avoid wasteful diversity.

Step 1: Identify and explain time study **Time study:** The case states that Riya "fixed a standard time for processing the order." This is the direct clue to time study. Under this technique, the time required for each element of a well-defined task is observed, commonly with a stopwatch, over repeated cycles. The observations are used to determine a reasonable standard time for a worker to complete the task under standard conditions.

At the coffee shop, the standard relates to processing an order. It gives management a benchmark against which the actual processing time can be compared. Delays can then be investigated instead of accepting an indefinitely long waiting time. Time study also helps estimate the number of workers needed for a given volume of work and supports the preparation of suitable incentive schemes.

Step 2: Identify and explain simplification of work **Simplification of work:** Riya found that some flavours had insufficient demand and "decided to discontinue the sale of such flavours." This identifies simplification, which aims to eliminate superfluous varieties, sizes and dimensions of products. The aim is to remove unnecessary diversity rather than merely to set a quality standard for every existing variety.

By removing the low-demand flavours, the shop reduces the range it must stock and prepare. This avoids the unnecessary holding of ingredients for rarely ordered varieties, reduces waste and makes operations easier to manage. Attention and resources can be concentrated on the flavours customers actually demand, helping the shop serve them more efficiently.

Step 3: Conclusion The two techniques are **time study**, shown by fixing a standard order-processing time, and **simplification of work**, shown by discontinuing flavours with inadequate demand. Together they address delays and unnecessary product variety at Fioma Coffee.

Quick Tip to Solve: Link "standard time" to time study and "discontinue varieties" to simplification. State both the technique and the precise case clue before explaining its purpose.

17. These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. [4 marks]

17(a). Name the function being performed by the market in the above case.

Solution:

Concept:

- Financial Markets: mobilisation of savings and their channelisation into the most productive uses is a major function of a financial market.
- A financial market connects savers with those who require funds for investment. It helps scarce financial resources move towards their most productive opportunities.

Step 1: Identify the function from the case The function is **mobilisation of savings and channelising them into the most productive uses**. The words 'help the savers and investors in directing the available funds into their most productive investment opportunity' identify it directly.

Step 2: Explain the transfer of funds Savers possess surplus funds, while business enterprises need funds to carry out investment. The financial market provides the link between these two groups and offers savers investment alternatives. By facilitating this transfer, it brings savings into productive activity instead of leaving them idle. The case emphasises allocation of funds, rather than price discovery or merely making existing securities easier to sell.

Step 3: Conclusion The market mobilises savings and channels them into their most productive uses, transferring finance from surplus units to units that need it.

Quick Tip to Solve: When a case links savers, investors and productive investment opportunities, identify mobilisation and channelisation of savings.

17(b). Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any three points of difference between the two.

Solution:

Concept:

- Financial Markets: the money market deals in short-term funds and monetary assets having a maturity of up to one year.
- The capital market provides medium-term and long-term finance. Compare the markets on the same basis to keep each distinction precise.

Step 1: Identify the other market segment The segment is the **money market**. The words 'unsecured and short-term debt instruments' point to instruments such as commercial paper, which is traded in this market. The capital market, by contrast, serves longer-term financing requirements.

Step 2: Distinguish the two markets on three bases The following are three paired differences:

Basis	Money market	Capital market
Duration	Short-term funds, with maturity up to one year.	Medium-term and long-term funds, generally for more than one year.
Instruments	Treasury bills, commercial paper, call money, certificates of deposit and commercial bills.	Equity shares, preference shares, debentures and bonds.
Participants	Mainly institutional participants such as the RBI, commercial banks, financial institutions and companies.	Both institutional investors and individual investors participate.

Thus the distinction concerns the financing horizon, the securities traded and who normally participates; the two markets together connect savings with investment.

Step 3: Conclusion The other segment is the money market. Its duration, instruments and participant profile differ from those of the capital market as shown above.

Quick Tip to Solve: Use a Basis column and compare matching features; short term up to one year identifies the money market.

18. Avdhesh is the Managing Director of Delta Ltd. The company had established a good name for itself and had been doing well. It was known for timely completion of orders. The Production Manager, Ms. Priyanka was efficiently handling the processing of orders and had a team of ten motivated employees working under her. Everything was going on well.

Unfortunately, Priyanka met with an accident. Avdhesh knew that in the absence of Priyanka, the company may not be able to meet the deadlines.

He also knew that not meeting the deadlines may lead to customer dissatisfaction with the risk of loss of business and goodwill. So, he had a meeting with his employees in which accurate and speedy processing of orders was planned. Everybody agreed to work as a team because the behaviour of Avdhesh was positive towards the employees of the organisation. Everyone put in extra time and efforts and the targets were met on time. Not only this, Avdhesh visited Priyanka and advised her to take adequate rest.

(a) Identify the leadership style of Avdhesh and draw a diagram depicting the style.

(b) Also, identify any two values highlighted by the behaviour of Avdhesh. [4 marks]

Solution:

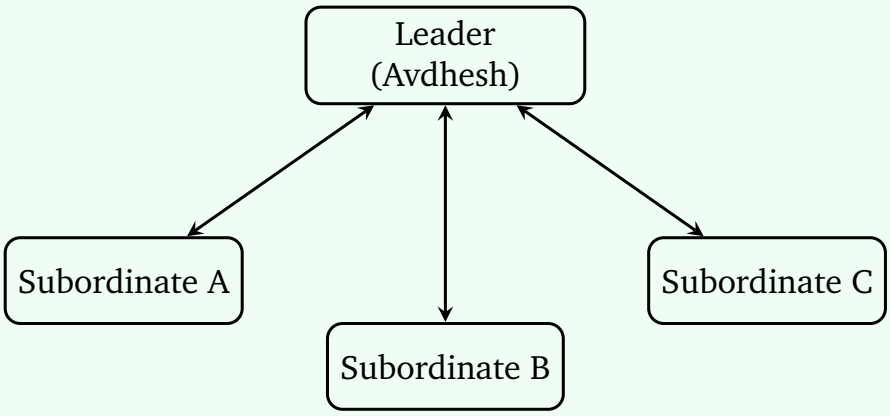
Concept:

- Leadership is the process of influencing people so that they willingly work towards organisational goals. The leader's behaviour towards employees shapes their participation and commitment.
- A democratic or participative leader consults subordinates, encourages their involvement in decisions and develops cooperation. Communication takes place in both directions between the leader and the group.

Step 1: Identify the leadership style from the consultation **(a) Democratic or participative leadership:** Avdhesh uses this style. The case states that he 'had a meeting with his employees in which

accurate and speedy processing of orders was planned'. He involves employees in working out how to meet the deadlines rather than merely imposing orders. Their agreement to work as a team and their voluntary extra effort show the cooperation generated by this style.

Step 2: Depict participation and two-way communication In the diagram, the leader is connected with each subordinate by a two-headed arrow. These arrows represent the leader's guidance as well as employees' suggestions and feedback. The leader remains responsible for guiding the group, but employees participate in deciding how the work will be completed. This matches Avdhesh's meeting with his team.



Democratic leadership: consultation and two-way communication

Step 3: Identify two values and connect them with the case **(b) Concern for employees' welfare and humanity:** Avdhesh 'visited Priyanka and advised her to take adequate rest'. He cares about her recovery and well-being rather than treating her only as a means of completing orders.

Team spirit and cooperation: Avdhesh's positive behaviour and consultation encourage everyone to 'work as a team'. His approach builds mutual support, allowing the employees to put in extra time and effort together and achieve the targets despite the emergency.

Step 4: Conclusion Avdhesh follows the **democratic (participative) leadership style**, represented by two-way communication between the leader and subordinates. His conduct highlights **concern for employees' welfare** and **team spirit and cooperation**.

Quick Tip to Solve: Consultation before action points to democratic leadership. For values, connect a specific action to a human quality: visiting an injured employee shows concern, while involving the group shows cooperation.

19. Explain briefly 'Casual Callers' and 'Labour Contractors' as external sources of recruitment.

[4 marks]

Solution:

Concept:

- Recruitment means searching for prospective employees and stimulating them to apply for jobs. External sources bring candidates from outside the organisation into its pool of applicants.

- Casual callers approach an employer on their own initiative, whereas labour contractors act as intermediaries who supply workers to the organisation.

Step 1: Explain casual callers **Meaning:** Casual callers are unsolicited applicants who apply to a reputed organisation even when it has not advertised a specific vacancy. Such organisations often maintain a database or file of these applications for future use.

How the source works: When a suitable vacancy arises, the organisation screens the applications already available and prepares a list of candidates to contact or interview. Thus the applicants' details form a readily available recruitment pool. Using this source can reduce the cost of recruiting the workforce, since the organisation can consult its existing records instead of beginning a fresh search each time. Keeping the database up to date helps it contact suitable applicants when needed.

Step 2: Explain labour contractors **Meaning:** Labour contractors are intermediaries who maintain close contact with labourers and supply the required number of workers to an organisation, normally at short notice. This source is generally used to recruit unskilled workers.

How the source works: The employer communicates its labour requirement to the contractor, who arranges workers from the people known to him. This is useful when labour must be obtained quickly, but it has a disadvantage: if the contractor leaves the organisation, workers brought by him may also leave with him. Their connection with the contractor can therefore make the supply of labour less stable for the employer.

Step 3: Conclusion Casual callers provide a stored pool of unsolicited job applications, while labour contractors supply workers through their personal contacts. Both are external sources, but the first brings applicants directly to the employer and the second uses an intermediary.

Quick Tip to Solve: Link casual callers with unsolicited applications kept on file, and labour contractors with quick supply of mainly unskilled labour through an intermediary.

20. Nandrachal Networks and Technologies Ltd. is a leader in technology innovation in U.S.A. creating products and solutions for a connected world. It has a large Research and Development team which invented the first smart watch W-I, which besides showing the time would also monitor few health parameters like heart beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of the fact that licensing requirements had been abolished. The company was also aware that there had been increased level of interaction and interdependence among the various nations of the world and India could be made a base for its international trade. It set up its office in Gujarat with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefitting the customers. [5 marks]

20(a). In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain those concepts.

Solution:

Concept:

- Business Environment: liberalisation removes unnecessary government controls and restrictions on business, allowing enterprises greater freedom in their decisions.
- Globalisation integrates the domestic economy with the world economy through greater interaction and interdependence among countries.

Step 1: Identify and explain liberalisation **Liberalisation:** The case says that 'licensing requirements had been abolished'. This is the removal of a governmental restriction on establishing and operating businesses. Liberalisation gives business enterprises greater freedom to take decisions, including decisions about entry, production and expansion, instead of obtaining unnecessary permissions. The abolition of licensing is therefore a direct clue to liberalisation.

Step 2: Identify and explain globalisation **Globalisation:** The case describes an 'increased level of interaction and interdependence among the various nations of the world'. Globalisation means integrating the Indian economy with the world economy by reducing barriers to international flows of goods, services, capital and technology. The American company's decision to establish an Indian office and use India as a base for international trade illustrates this integration. This is not privatisation, since the case does not describe transfer of ownership of a public enterprise to private hands.

Step 3: Conclusion The two concepts are liberalisation, shown by abolition of licensing requirements, and globalisation, shown by increasing international interaction and interdependence.

Quick Tip to Solve: Link abolition of licences to liberalisation and international integration to globalisation; a foreign firm entering India does not by itself establish privatisation.

20(b). Also, explain briefly any three impacts of those concepts on Indian business and industry.

Solution:

Concept:

- Business Environment: liberalisation and globalisation change competitive conditions and require Indian businesses to adapt their products, costs and working methods.
- The impacts include increasing competition, more demanding customers and a rapidly changing technological environment.

Step 1: Explain competition and changing customer expectations

- **Increasing competition:** Easier entry and the arrival of foreign firms increase the number of competitors. Indian enterprises must improve efficiency, control costs and offer better value to maintain their position. The case itself records that success attracted other players and competition reduced prices.
- **More demanding customers:** Greater choice makes buyers better informed and more selective. They expect improved quality, useful features and reasonable prices, so firms can no longer depend on a protected market with limited alternatives.

Step 2: Explain the need to keep pace with technology **Rapidly changing technological envi-**

ronment: Access to international technology and intense competition encourage innovation and technological improvement. Firms must adopt suitable new technology, improve their processes and develop products to avoid becoming obsolete. The smart watch that monitors health parameters illustrates the kind of technological innovation with which Indian businesses must compete. These changes create opportunities for efficient firms as well as challenges for firms slow to adapt.

Step 3: Conclusion Three impacts are increasing competition, more demanding customers and a rapidly changing technological environment, requiring efficiency, customer focus and innovation.

Quick Tip to Solve: Give an impact heading and its practical implication for firms; explain three distinct changes rather than repeating competition in different words.

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21. 'RO Youth Club' organised a visit of its members to an Old Age Home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the Old Age Home were not hygienic. So, the RO Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the Old Age Home also required pest control. But some of the inmates of the Old Age Home were reluctant for it because they believed that the pest control may create health problems for them. RO Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the Old Age Home a pamphlet of the proposed pest control product which promised easy, inexpensive and long-lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. RO Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, RO Youth Club filed a case in the consumer court.

The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company. [5 marks]

21(a). State any six directions that might have been issued by the court.

Solution:

Concept:

- Consumer Protection: a consumer court can grant relief for a deficiency in service and direct the service provider to discontinue unfair trade practices. The purpose is to redress the consumer's grievance and prevent its recurrence.
- In this case the pamphlet promised 'long-lasting pest control', but its effect wore off after a fortnight and the company postponed its visit. These facts support the complaint about the service and its advertised promise.

Step 1: State remedies for the deficient service

- **Remove the deficiency:** Direct the company to remedy the unsatisfactory pest-control service and carry out effective treatment.
- **Refund the charges:** Return the price paid for the service when the promised benefit was not supplied.
- **Pay compensation:** Pay a reasonable amount for loss or injury suffered owing to the company's negligence or deficiency in service.

Step 2: State directions to prevent unfair practices and meet costs

- **Discontinue the unfair trade practice:** Stop the misleading promises about lasting effectiveness and refrain from repeating them.
- **Issue a corrective advertisement:** Neutralise the effect of the misleading pamphlet by issuing a corrective advertisement at the company's expense.
- **Pay litigation costs:** Pay adequate costs incurred by the complainant in obtaining redressal.

These are six possible directions under consumer protection; their actual award depends on the court's findings. The early loss of effectiveness and repeated postponement support relief for deficient service.

Step 3: Conclusion The court could order removal of the service deficiency, refund, compensation, discontinuance of unfair trade practices, a corrective advertisement and payment of litigation costs.

Quick Tip to Solve: Write each remedy as a direction to the company; keep compensation for loss separate from refund of the service price and litigation costs.

21(b). Identify any two values that are being communicated by RO Youth Club to the society.

Solution:

Concept:

- Consumer Protection and social values: value-based case answers identify an ethical principle and connect it to a specific action in the passage.
- The club demonstrates social responsibility towards vulnerable people and concern for their health and safety.

Step 1: Identify concern for the elderly **Social responsibility and service to the elderly:** The club organised the visit 'to inculcate the habit of social work' and cleaned the unhygienic premises. Its members voluntarily helped the residents rather than treating their poor living conditions as someone else's problem. This communicates compassion and responsibility towards vulnerable members of society.

Step 2: Identify concern for health and safety **Concern for health and safety:** The inmates feared that pest control might harm their health. The club respected this concern and selected 'ethical, safe and odourless pest control'. It sought a hygienic environment while protecting the residents from avoidable risks. The action demonstrates that the welfare and safety of beneficiaries should guide social work, rather than merely completing a cleaning activity.

Step 3: Conclusion The two values are social responsibility and concern for the elderly, and concern for health and safety, each supported by the club's actions.

Quick Tip to Solve: Pair each value with an action: cleaning supports social responsibility, while safe and odourless treatment supports concern for health and safety.

22. Explain briefly the relationship between controlling and planning. [5 marks]

Solution:

Concept:

- Planning decides in advance what is to be achieved and how it is to be achieved. Controlling measures actual performance, compares it with the planned standards and takes corrective action where necessary.
- Planning and controlling are inseparable functions of management. Plans provide the standards for control, while control ensures that activities conform to plans and supplies feedback for future planning.

Step 1: Explain their dependence on each other

- **Planning provides the basis for controlling:** Objectives and standards established in planning are the yardsticks against which actual performance is measured. Without a plan there is no predetermined standard, so managers cannot judge whether performance is satisfactory. Thus controlling is blind without planning.
- **Controlling gives meaning to planning:** Merely preparing a plan does not ensure its implementation. Control checks progress, identifies deviations and initiates corrective action so that objectives can be achieved. A plan without follow-up and control remains an exercise on paper; therefore planning is meaningless without controlling.

Step 2: Explain how both functions connect the past and the future

- **Planning is forward-looking:** It sets the desired future course of action and anticipates the resources and methods needed to reach objectives. It therefore guides future activities before they take place.
- **Controlling is backward-looking as well as forward-looking:** It examines actual performance already achieved and compares it with standards, which gives it a backward-looking aspect. However, the purpose is to prevent repeated mistakes and improve subsequent performance through corrective action, so it is also forward-looking.
- **Control feeds back into planning:** Past performance and deviations provide useful information when managers prepare or revise future plans. Planning is therefore also guided by earlier experience. The two functions form a continuing cycle: planning establishes standards, controlling evaluates results, and feedback improves subsequent planning.

For example, if actual sales fall below the sales target fixed in a plan, control investigates the reasons and prompts corrective action. The findings also help managers set more realistic future targets or choose better selling methods.

Step 3: Conclusion Planning and controlling are interdependent and reinforce each other. Planning determines the standards and desired results; controlling checks their achievement and uses feedback and corrective action to keep present work and future plans directed towards organisational objectives.

Quick Tip to Solve: Link the two functions in both directions: plans supply control standards, and control supplies feedback for better plans. Explain why both also have a future orientation.

23. Explain briefly any four factors that affect the choice of capital structure of a company. [6 marks]

Solution:

Concept:

- Capital structure is the proportion of debt and equity used to finance a company's long-term requirements. Debt involves compulsory interest and repayment, whereas equity does not create a compulsory dividend obligation.
- The financing decision balances the benefit of debt against financial risk. The following four factors explain when a company can prudently use more debt and when it should rely more on equity.

Step 1: Examine the cash-flow position **Cash-flow position:** Before borrowing, the company must estimate its future cash inflows and outflows. Cash must be available not only for normal business operations and investment but also for interest and repayment of principal on their due dates. A company with sufficiently strong and stable cash flows can support a larger proportion of debt. If cash receipts are uncertain or inadequate, greater reliance on equity is safer because accounting profits alone cannot pay a cash obligation.

Step 2: Assess the interest coverage ratio **Interest coverage ratio:** This indicates how many times earnings before interest and tax cover the interest obligation. A higher coverage indicates a greater cushion for meeting interest even if earnings fall, and therefore allows the company to consider more debt. A low coverage suggests that borrowing further would increase the risk of default. This measure should not be used alone, because sufficient earnings to pay interest do not necessarily mean sufficient cash to repay the loan principal.

Step 3: Check the debt service coverage ratio **Debt service coverage ratio:** This assesses the capacity to meet debt-service obligations, taking account of cash earnings available for debt service in relation to interest and repayment of principal, including applicable preference-dividend obligations. It provides a broader assessment than interest coverage because repayment commitments are also considered. A higher ratio indicates better ability to meet the fixed commitments and supports the use of more debt; a low ratio calls for greater caution and a larger equity component.

Step 4: Compare return on investment with the cost of debt **Return on investment:** When the company's return on investment is higher than the rate of interest payable on debt, using debt can increase the earnings available per equity share. This favourable use of borrowed funds is called trading on equity. If return on investment is lower than the borrowing rate, debt reduces the earnings available to equity shareholders and its use should be restricted. The expected return must therefore be considered along with the risk that actual earnings may decline.

Step 5: Conclusion Cash-flow position, interest coverage ratio, debt service coverage ratio and return on investment are four factors affecting capital structure. Strong repayment capacity and a return above the borrowing cost favour debt, while weak or uncertain capacity favours a greater equity proportion.

Quick Tip to Solve: Distinguish interest coverage from debt service coverage: the latter also considers repayment commitments. In every factor, state how it changes the company's ability or willingness to use debt.

24. Medi Instruments Ltd. is a company dealing in the distribution of medical instruments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones.

In the meeting, Sanjay, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same. Hitesh, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay the additional staff, as suggested by Sanjay.

Revansh, a newly appointed Zonal Head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors determining the choice of channels of distribution was required before making the right choice. [6 marks]

24(a). Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.

Solution:

Concept:

- The choice of a channel of distribution depends on product-related, company-related and market-related factors, among other considerations.
- For a case question, identify the broad factor and then link it to the exact information about the product, the enterprise or the buyers.

Step 1: Identify the product-related factor **Product-related factors:** Sanjay says the machines are 'sophisticated' and that staff need a personal explanation of their working. Their technical nature requires demonstration and specialised assistance, favouring a shorter channel or direct contact with users.

Step 2: Identify the company-related and market-related factors **Company characteristics:** Hitesh states that the company is 'short of funds to pay the additional staff'. This refers to financial strength: maintaining a direct selling organisation requires funds, so limited finance can favour using intermediaries.

Market-related factors: Revansh points out that 'the size of the order was not large'. Order size affects whether direct dealing with buyers is economical; small orders can favour intermediaries that serve many customers. These suggestions identify factors to weigh together; none alone conclusively determines the channel.

Step 3: Conclusion The factors discussed are product-related factors (technical complexity), company characteristics (financial strength), and market-related factors (size of the order).

Quick Tip to Solve: Classify each clue by asking whether it describes the product, the selling company or the buyers and their orders.

24(b). Also, explain briefly the other considerations to be taken care of in each factor identified in part (a).

Solution:

Concept:

- Channel selection requires examining the other characteristics within each factor identified: product-related, company-related and market-related factors.
- A channel should provide the necessary customer service and coverage at a cost the business can support. These considerations must be assessed together.

Step 1: Explain other product and company considerations **Other product-related considerations:** Perishable goods usually need shorter channels to minimise delay and spoilage; non-perishable goods can pass through longer channels. Bulky or heavy industrial goods generally favour shorter channels to limit handling and transport costs. Standardised products can be sold through longer channels, while customised products often need direct buyer–seller contact. A high unit value can also justify direct selling, whereas low unit value goods generally need broad, economical distribution.

Other company-related consideration: The degree of control desired over distribution matters. A company seeking close control over prices, customer service and selling methods prefers direct or shorter channels; willingness to share that control permits greater use of intermediaries.

Step 2: Explain other market considerations **Nature of buyers:** Industrial buyers, such as organisations purchasing for business use, often need direct contact and specialised service. Consumer goods normally require wider intermediary coverage.

Number of buyers: A few buyers can be served directly; a large number generally makes intermediaries economical.

Geographical concentration: Concentrated buyers can be reached through shorter channels, whereas widely scattered buyers usually require longer channels to obtain adequate market coverage. These are considerations in addition to the order-size clue already identified in part (a).

Step 3: Conclusion Besides the clues in the case, examine product perishability, bulk, standardisation and unit value; company control over distribution; and buyers' nature, number and geographical concentration.

Quick Tip to Solve: After naming a factor, stay within that category: product properties, company control, and buyer characteristics are distinct considerations.

25. Anoop Gaur started 'Cat's Eye', a company for providing cyber security solutions to businesses. Its objective is to prevent, detect, respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day by day.

He was delighted when he was offered a big project by the Ministry of Science and Technology. While working on the project he found that the volume of work made it impractical for him to handle all the work by himself. Therefore, he decided to expand the team. The company maintained a close liaison with an engineering college in the State. During a campus placement, Aarav and Pranshi were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Anoop Gaur was thus, able to focus on the objectives and with the help of Aarav and Pranshi, the project was completed on time. Not only this, Anoop Gaur was also able to extend his area of operations. On the other hand, Aarav and Pranshi also got opportunities to develop and exercise initiative. [6 marks]

25(a). Identify and explain briefly the concept used by Anoop Gaur in the above case which helped him in focussing on the objectives.

Solution:

Concept:

- Delegation is the downward transfer of authority from a superior to a subordinate to perform an assigned task. It enables the manager to share work while retaining overall accountability.
- Its elements are assignment of responsibility, grant of the authority needed to discharge that responsibility, and creation of accountability for performance. Delegation develops employees and releases managerial time for important activities.

Step 1: Identify and explain the concept in part (a) The concept is **delegation of authority**. Anoop realised that the volume of work made it "impractical for him to handle all the work by himself". He therefore entrusted work on the project to Aarav and Pranshi, whom he found "capable, enthusiastic and trustworthy", enabling him to focus on the objectives.

Delegation means entrusting a subordinate with responsibility for a task and giving the necessary authority to carry it out. The subordinate becomes accountable to the superior for its performance. Anoop continues to be ultimately accountable for the project; delegating work does not mean abandoning his responsibility. The recruitment of the two employees supplies the people, while the sharing of work and authority with them is the concept asked for here.

Step 2: Explain the elements and continuing accountability Delegation involves three connected elements. **Assignment of responsibility:** the superior specifies the task which the subordinate must perform. **Grant of authority:** the subordinate receives the right to take the decisions and use resources necessary for that task. **Creation of accountability:** the subordinate must answer to the superior for the results. Authority should match the responsibility assigned, so that employees can actually carry out the work entrusted to them.

Anoop could then devote attention to objectives instead of attempting every activity himself. Aarav and Pranshi's opportunity to "develop and exercise initiative" supports the transfer of decision-making freedom along with work. However, Anoop remains ultimately accountable for the project: authority

can be delegated, but overall accountability cannot be passed on. This distinguishes delegation from merely recruiting employees or abandoning managerial control.

Step 3: Conclusion The concept is **delegation of authority**: Anoop entrusted project work and the necessary authority to Aarav and Pranshi, enabling him to concentrate on objectives while retaining ultimate accountability.

Quick Tip to Solve: Look for both entrusted work and freedom to act. Hiring employees is staffing; giving them responsibility and authority so the manager can focus on priorities is delegation.

25(b). Also, explain any four points of importance of the concept identified in part (a).

Solution:

Concept:

- Organising: delegation is important because sharing work and authority releases managerial time and develops the people who perform the delegated work.
- Its benefits extend to effective management, employee development, employee motivation and organisational growth. Explain each benefit separately rather than repeating that workload is reduced.

Step 1: Explain the benefits for management and employees

- **Effective management:** By entrusting routine or assigned tasks to subordinates, a manager reduces personal workload and can concentrate on priority activities and opportunities. It makes managerial attention available where it is most needed. In the case, Anoop was "able to focus on the objectives" and completed the project on time with the employees' help.
- **Employee development:** Delegated tasks give employees experience of making decisions and solving problems. They learn to use judgement and accept greater responsibilities, preparing them for future roles. Aarav and Pranshi received "opportunities to develop and exercise initiative", illustrating this benefit directly.

Step 2: Explain the benefits for motivation and growth

- **Motivation of employees:** Entrusting authority expresses confidence in employees' capabilities. Recognition and trust improve self-esteem and the sense of belonging, encouraging employees to use their abilities and accept responsibility. Anoop found the employees "capable, enthusiastic and trustworthy"; entrusting them with project work gives them a meaningful opportunity to contribute.
- **Facilitation of growth:** Delegation develops a pool of people who can assume new responsibilities and support expansion. As existing work is shared, the organisation can undertake more activities without depending on the manager for every decision. The case states that Anoop was "able to extend his area of operations", showing how delegation facilitated growth.

Step 3: Conclusion Four points of importance are **effective management, employee development, employee motivation and facilitation of growth**. Delegation thus supports both achievement of current objectives and the organisation's capacity to expand.

Quick Tip to Solve: Keep the four benefits distinct: managerial focus, employee learning, employee confidence and business expansion. Support each with its own explanation and a relevant case clue.