CBSE Class 12 Business Studies Question Paper 2019 with Solution PDF-Set 66/1/2 - Compartment

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) This question paper contains five Sections : A, B, C, D and E.

(ii) Section A contains questions **1 to 8** carrying **one** mark each. Answers to these questions may be given in one word or a sentence.

(iii) Section B contains questions **9 to 13** carrying **three** marks each. Answers to these questions may be given in **50 – 75** words.

(iv) Section C contains questions **14 to 19** carrying **four** marks each. Answers to these questions may be given in about **120** words.

(v) Section D contains questions **20 to 22** carrying **five** marks each. Answers to these questions may be given in about **150** words.

(vi) Section E contains questions **23 to 25** carrying **six** marks each. Answers to these questions may be given in about **200** words.

(vii) There is no over-all-choice in the question paper, however an internal choice has been provided in **3** questions of one mark, **2** questions of three marks, **2** questions of four marks, **1** question of five marks and **1** question of six marks. You have to attempt only one of the choices in such questions.

Section A (8 marks)

1. Give the meaning of Co-ordination. [1 mark]

Solution:

Concept:

- Coordination integrates individual efforts into group effort directed towards common organisational objectives.
- It provides unity of action among different activities and departments.

Step 1: Identify the central idea Different people perform different tasks in an organisation, but their work must contribute to the same objective. Coordination brings these separate efforts together rather than allowing each person or department to work in isolation.

Step 2: State the meaning Coordination is the process of integrating the activities of different departments and individuals to achieve unity of action in pursuing common organisational goals. It synchronises their efforts so that the organisation functions as a united whole.

Step 3: Conclusion Co-ordination means integrating individual and departmental efforts to achieve unity of action towards common organisational objectives.

Quick Tip to Solve: Remember the key words: integration of efforts, unity of action and common goals.

2. Archana is a pure vegetarian. She went to a popular food chain shop and asked for a packaged 'Veg-Biryani'. While eating the same she noticed that it had some non-vegetarian content. Neither the advertisement, nor the label on the package showed that the product had non-vegetarian content. Name the consumer right under which Archana can claim for compensation as per the provisions of Consumer Protection Act, 1986. [1 mark]

Solution:

Concept:

- The right to seek redressal enables a consumer to obtain relief against unfair trade practices and exploitation.
- Consumer remedies can include compensation for a justified grievance.

Step 1: Read the demand in the case The question asks for the right under which Archana can "claim for compensation". She bought a product presented as vegetarian but found non-vegetarian content in it. This provides the grievance for which she seeks a remedy.

Step 2: Identify the relevant right The right to seek redressal is the right to obtain relief for consumer exploitation or an unfair trade practice. The right to be informed concerns disclosure of contents, but the specific demand here is compensation, which points to redressal.

Step 3: Conclusion Archana can claim compensation under the **Right to Seek Redressal**.

Quick Tip to Solve: Use the remedy asked for as the clue: compensation or relief points to the right to seek redressal.

3. 'Technological Upgradation' affects one of the types of capital requirement of an organisation. Identify the type of capital affected with reference to the above statement. [1 mark]

Solution:

Concept:

- Fixed capital is invested in long-term assets such as plant and machinery.
- Technological upgradation can require replacement of obsolete equipment and further long-term investment.

Step 1: Connect technology with assets "Technological Upgradation" concerns improvements in machinery, equipment or production technology. These are long-term assets used repeatedly in business operations rather than day-to-day stocks or operating expenses.

Step 2: Identify the capital requirement A business whose assets become obsolete rapidly needs additional funds to acquire updated equipment or replace old machinery. Consequently, technological upgradation affects its fixed capital requirement; frequent replacement generally increases that requirement.

Step 3: Conclusion The type of capital affected is **fixed capital**.

Quick Tip to Solve: Replacement or modernisation of machinery points to fixed capital; routine operating needs point to working capital.

4(a). Name the method of training in which the trainee works under the guidance of a master worker. [1 mark]

Solution:

Concept:

- Apprenticeship training is an on-the-job method in which a trainee learns under a master worker.
- It develops practical proficiency in a skilled occupation through guided work.

Step 1: Identify the clue The phrase "under the guidance of a master worker" indicates that the trainee learns directly from an experienced skilled worker while participating in actual work. The emphasis is on acquiring the skills of the trade through practice.

Step 2: Name the training method This arrangement is apprenticeship training. The trainee spends a prescribed period learning under the master worker until the required proficiency is acquired. It is commonly used for skilled trades and is different from classroom-only instruction.

Step 3: Conclusion The method is **apprenticeship training**.

Quick Tip to Solve: Master worker plus guided practical learning is the identifying clue for apprenticeship training.

OR

4(b). Name the type of barrier of communication which refers to problems and obstructions in the process of encoding and decoding of message into words or impressions. [1 mark]

Solution:

Concept:

- Semantic barriers concern the meaning of words and symbols used in communication.
- Problems in encoding or decoding can prevent the receiver from understanding the intended message.

Step 1: Identify the stage affected The question refers to "encoding and decoding of message into words or impressions". Encoding expresses an idea through symbols, while decoding interprets those symbols. A mismatch in meaning obstructs understanding even when the message is transmitted.

Step 2: Classify the barrier Such problems are semantic barriers. Examples include badly expressed messages, symbols with different meanings, faulty translations and unexplained technical jargon. These concern language and interpretation, rather than an organisational rule or a physical interruption.

Step 3: Conclusion The barrier is a **semantic barrier**.

Quick Tip to Solve: When a communication problem concerns words, symbols or their interpretation, identify a semantic barrier.

5(a). Distinguish between 'Principles of Management' and 'Techniques of Management'. [1 mark]

Solution:

Concept:

- Management principles are broad guidelines for managerial thinking and decision-making.
- Management techniques are specific procedures or methods used to carry out managerial activities.

Step 1: Identify the basis of distinction Compare the two terms on their basic nature or purpose. A distinction is clearest when the same basis is applied to both terms, rather than describing unrelated features of each.

Step 2: Present the distinction

Basis	**Principles of Management**	**Techniques of Management**
Nature	Broad and general guidelines for managerial thinking and decisions.	Specific procedures or methods used to accomplish an activity.

Step 3: Conclusion Principles guide managerial decisions; techniques specify how particular managerial activities are performed.

Quick Tip to Solve: For this distinction, use nature as the basis: a broad guideline versus a specific method.

OR

5(b). Distinguish between 'Time study' and 'Motion study'. [1 mark]

Solution:

Concept:

- Time study and motion study are techniques of scientific management.
- Time study fixes standard time; motion study examines movements to eliminate unnecessary motions.

Step 1: Identify the basis of distinction Compare the two terms on their basic nature or purpose. A distinction is clearest when the same basis is applied to both terms, rather than describing unrelated features of each.

Step 2: Present the distinction

Basis	Time Study	Motion Study
Purpose	Determines the standard time required for a well-defined job.	Studies movements in doing a job to eliminate unnecessary motions.

Step 3: Conclusion Time study determines standard time for a job, whereas motion study eliminates unnecessary movements in performing it.

Quick Tip to Solve: Associate time study with duration and motion study with the movements needed to perform the job.

6(a). What is meant by 'Labelling' ? [1 mark]

Solution:

Concept:

- Labelling is the marketing activity of designing and preparing the label attached to a product or its package.
- A label communicates information about the product and may range from a simple tag to a detailed printed graphic.

Step 1: Identify the activity In marketing, the information-bearing tag or graphic on a product is its label. Preparing this label is a separate activity from making the package that contains or protects the product.

Step 2: State the meaning Labelling means designing and preparing a label for a product or its package. It identifies or describes the product and communicates relevant information to the buyer, such as its name, contents or directions for use.

Step 3: Conclusion Labelling means designing and preparing the label attached to a product or its package to communicate information about it.

Quick Tip to Solve: Remember the distinction: packaging provides the container, while labelling provides the information on it.

OR

6(b). What is meant by 'Channels of Distribution' ? [1 mark]

Solution:

Concept:

- Channels of distribution are the route through which goods move from the producer to the ultimate consumer.
- They include the individuals and firms that help transfer the goods and their ownership in this movement.

Step 1: Identify the distribution route After producing goods, a business must make them available to the people who will use them. The route may be direct or may involve intermediaries such as wholesalers and retailers.

Step 2: State the meaning Channels of distribution refer to the set of individuals and firms that take title to goods, or help in transferring title, as the goods move from producers to ultimate consumers. Thus, they link the producer with the buyer.

Step 3: Conclusion Channels of distribution are the individuals and firms that facilitate the movement of goods and transfer of ownership from producers to ultimate consumers.

Quick Tip to Solve: Define the channel by its producer-to-consumer link; transport alone is only one part of physical distribution.

7. Raj Auto Ltd. was engaged in manufacturing motor cycles. Its long term objective was to capture the market by increasing sales every year. For this it analysed the pricing policy of the competitors. To achive this objective it decided to offer a discount of ₹ 3,000 and free insurance on purchase of every motor cycle. This attracted the customers and the sales increased.

Identify the type of plan being followed by Raj Auto Ltd. [1 mark]

Solution:

Concept:

- A strategy is a comprehensive plan for achieving organisational objectives in the light of the business environment.
- It combines long-term objectives, a chosen course of action and the allocation of resources needed to implement that course.

Step 1: Connect the objective with the environment Raj Auto Ltd. aims to capture the market by increasing sales. Before choosing its action, it 'analysed the pricing policy of the competitors'. This shows that it considered the competitive environment.

Step 2: Identify the comprehensive course of action The company decided to 'offer a discount of' Rs 3,000 and 'free insurance' on every motorcycle. These measures form its chosen course of action to achieve the long-term market objective. The plan is therefore a strategy, rather than merely the objective itself.

Step 3: Conclusion The type of plan being followed by Raj Auto Ltd. is a strategy.

Quick Tip to Solve: When a case links a long-term objective, competitor analysis and a chosen action, identify the plan as a strategy.

8. Raj and Riya are working in different departments of Leo Infocom. One day at lunch time Riya told Raj that due to recession many people are going to be retrenched soon from the organisation.

Name the type of communication that took place between Raj and Riya. [1 mark]

Solution:

Concept:

- Informal communication arises from social interaction and does not follow the officially prescribed channels of authority.
- The informal network is also called the grapevine and can carry rumours as well as other information.

Step 1: Locate the social interaction The conversation occurs 'at lunch time' between Raj and Riya, who work in different departments. Riya is speaking socially, rather than issuing an official message through the organisational hierarchy.

Step 2: Name the communication Riya says that 'many people are going to be retrenched soon'. This unverified news travels through a personal contact. It is informal communication, commonly called grapevine communication; the case does not describe a formal retrenchment announcement.

Step 3: Conclusion The communication between Raj and Riya is informal communication, also called grapevine communication.

Quick Tip to Solve: A social conversation or rumour outside the prescribed authority channel is a clue to informal communication.

Section B (15 marks)

9(a). Stock index measures the movement of prices of securities at a stock exchange. Stock index reflects the day-to-day fluctuations in stock prices and are known as barometers of market behaviour of securities.

In the light of this statement, state any three functions of stock exchange. [3 marks]

Solution:

Concept:

- A stock exchange is an organised market in which existing securities are bought and sold under prescribed rules.
- Its functions help investors trade securities and enable market prices to reflect changing demand, supply and economic conditions.

Step 1: Explain the economic barometer function **Economic barometer:** A stock exchange reflects

changes in economic conditions through changes in security prices. As the question states, stock indices are 'barometers of market behaviour of securities'. A sustained rise or fall in prices helps indicate the general direction of business and economic activity.

Step 2: Explain pricing and liquidity **Pricing of securities:** Trading brings together demand for and supply of securities. Their interaction determines market prices, which provide a useful basis for investors' buying and selling decisions.

Providing liquidity and marketability: The stock exchange offers a ready and continuous market for existing securities. Investors can sell their holdings and convert them into cash when required. This facility makes long-term investment more attractive because investors need not remain committed to a security for its entire life.

Step 3: Conclusion Three functions of a stock exchange are acting as an economic barometer, pricing securities through demand and supply, and providing liquidity and marketability to existing securities.

Quick Tip to Solve: For stock-exchange functions, connect each heading to its effect: economic signals, price discovery, or a ready resale market.

OR

9(b). To promote orderly and healthy growth of securities market and protection of investors, Securities and Exchange Board of India was set up.

In the light of the given statement, state any three regulatory functions of the Securities and Exchange Board of India. [3 marks]

Solution:

Concept:

- SEBI regulates the securities market to ensure orderly functioning and protect investors' interests. Its regulatory functions prescribe rules and supervise the institutions and intermediaries operating in this market.
- Regulatory functions differ from developmental measures such as training intermediaries and protective measures such as prohibiting insider trading. Here, the question specifically asks for regulation.

Step 1: Relate the statement to SEBI's role The words "orderly and healthy growth of securities market and protection of investors" describe the objectives of SEBI. To fulfil them, SEBI creates and enforces a framework within which exchanges and market participants must work.

Step 2: State three regulatory functions

- **Regulation of stock exchanges:** SEBI regulates the business of stock exchanges and other securities markets. This makes their operations subject to established rules rather than leaving trading practices entirely to individual participants.
- **Registration and regulation of intermediaries:** It registers and regulates stockbrokers, sub-brokers, merchant bankers, underwriters and other intermediaries associated with the securities market. Registration brings these participants within SEBI's supervisory framework.

- **Registration and regulation of investment schemes:** It registers and regulates the working of collective investment schemes, including mutual funds. This subjects organisations pooling investors' funds to regulatory oversight.

Step 3: Conclusion Thus, regulating stock exchanges, registering and regulating market intermediaries, and registering and regulating collective investment schemes including mutual funds are three regulatory functions of SEBI.

Quick Tip to Solve: For regulatory functions, recall the verbs "register" and "regulate"; do not substitute training programmes or prohibitions on insider trading.

10(a). State any three limitations of Planning. [3 marks]

Solution:

Concept:

- Planning means deciding in advance what to do and how to do it. It gives direction, but a plan cannot remove every difficulty associated with managerial decisions and an uncertain future.
- The limitations arise both from following predetermined courses of action and from changes in the environment in which those courses must be implemented.

Step 1: Recognise the limits of predetermined action Managers frame plans using present information and assumptions about future conditions. Once approved, these plans guide employees' actions. This can become a weakness when circumstances require a different response or when employees have useful ideas outside the approved course.

Step 2: State three limitations of planning

- **Planning leads to rigidity:** A specific plan fixes the course of action to be followed. Managers may find it difficult to alter it when conditions change, and strict adherence to the original plan may therefore harm the organisation's interests.
- **Planning may not work in a dynamic environment:** Business conditions are continually affected by economic, political, technological and social changes. Since all such changes cannot be accurately predicted, assumptions on which a plan is based may become invalid.
- **Planning reduces creativity:** Plans are usually formulated by top management, while others implement them. Employees may merely carry out instructions instead of developing and trying their own ideas, thereby restricting initiative and creative thinking.

Step 3: Conclusion Three limitations of planning are rigidity, difficulty in coping with a dynamic environment, and a reduction in employees' creativity when they only implement predetermined plans.

Quick Tip to Solve: Link each limitation to its cause: a fixed course causes rigidity, changing surroundings weaken assumptions, and prescribed instructions can restrict creativity.

OR

10(b). State any three points of importance of Organising. [3 marks]

Solution:

Concept:

- Organising identifies and divides work, groups related activities, assigns duties and establishes reporting relationships. It converts a plan into a workable structure of roles and authority.
- Its importance lies in helping people work efficiently and in making responsibilities, authority and working relationships clear throughout the organisation.

Step 1: Connect organising with implementation A plan alone does not specify every employee's task or the authority needed to perform it. Organising supplies this structure by allocating activities and defining relationships. The following benefits explain why this function is essential for coordinated performance.

Step 2: State three points of importance

- **Benefits of specialisation:** Organising divides the total work into specific jobs and assigns them to suitable employees. Repeated performance of a particular task develops experience and skill, increasing efficiency and productivity.
- **Clarity in working relationships:** Organising establishes who reports to whom and specifies each position's authority and responsibility. Employees know from whom to take orders and to whom they are accountable, reducing confusion and helping effective communication.
- **Optimum utilisation of resources:** Clearly assigned jobs avoid overlap and duplication of effort. Matching work with employees' abilities and allocating material and financial resources to appropriate activities reduces wastage and promotes their efficient use.

Step 3: Conclusion Organising is important because it provides the benefits of specialisation, clarifies working relationships and ensures optimum utilisation of resources through proper allocation of work and responsibilities.

Quick Tip to Solve: Recall organising as dividing work, defining relationships and allocating resources; these directly explain specialisation, clarity and efficient resource use.

11. Mayank, the director of a company, is planning to manufacture stuffed toys for utilising waste material of one of his garments factories. He decided that this manufacturing unit will be set up in a rural area, so that people living in rural areas can have job opportunities. For this he selected Arbaaz, Kriti, Lata and Ritik as heads of Sales, Accounts, Purchase and Production departments respectively. They were differently abled but intelligent and creative persons in designing.

State the next three steps Mayank has to follow in the staffing process after selecting heads of different departments. [3 marks]

Solution:

Concept:

- Staffing places suitable people in suitable jobs and develops their ability to perform those jobs effectively.
- In the NCERT staffing sequence, selection is followed by placement and orientation, training and development, and performance appraisal.

Step 1: Place and orient the selected employees **Placement and orientation:** After he has "selected Arbaaz, Kriti, Lata and Ritik as heads" of the departments, Mayank should ensure that each takes charge of the assigned post. Placement means occupying the position for which a person has been selected. Orientation introduces the new employee to the organisation, its rules, colleagues and responsibilities, helping the person settle into the working environment.

Step 2: Arrange training and development **Training and development:** Mayank should provide opportunities to learn the skills needed for the departmental jobs and to develop wider managerial capabilities. The case calls them "intelligent and creative persons in designing", but ability in designing alone does not replace preparation for sales, accounts, purchase or production responsibilities. Training improves present job performance; development prepares employees for greater responsibilities in future.

Step 3: Appraise their performance **Performance appraisal:** Mayank should evaluate actual performance against predetermined standards for each post. He should communicate the assessment and give constructive feedback so that the employees know their strengths and areas needing improvement. This review helps identify further training needs and provides a basis for subsequent personnel decisions.

Step 4: Conclusion The next three staffing steps are placement and orientation, training and development, and performance appraisal, in that order.

Quick Tip to Solve: Start immediately after the stage named in the question: after selection, recall placement and orientation, training and development, then performance appraisal.

12. Explain any three points of importance of 'delegation'. [3 marks]

Solution:

Concept:

- Delegation means entrusting responsibility and authority to a subordinate to carry out an assigned task. The superior remains accountable for the overall result.
- Delegation is important because it enables managers to share work, develops employees and strengthens their willingness to contribute.

Step 1: Explain how delegation improves managerial effectiveness **Effective management:** Delegation reduces the manager's workload by assigning appropriate routine duties and the authority to perform them to subordinates. The manager can then concentrate on important issues, exceptions and new opportunities that need personal attention. Sharing work in this manner enables better use of managerial time and improves the quality of decisions at the higher level.

Step 2: Explain how delegation develops employees **Employee development:** When subordinates receive responsibility together with the authority needed to discharge it, they gain practical experience in handling work and making decisions. They learn to exercise judgement, solve problems and accept responsibility for results. These opportunities build their skills and confidence and prepare them to undertake more demanding roles in the future.

Step 3: Explain how delegation motivates employees **Motivation of employees:** Entrusting meaningful work signals the superior's confidence in the subordinate's ability. Recognition and the opportunity to exercise authority satisfy the employee's need for achievement and self-respect. Employees therefore feel encouraged to take initiative and show greater commitment to achieving the organisation's objectives.

Step 4: Conclusion Three points of importance of delegation are effective management, employee development and motivation of employees. Each arises from giving subordinates meaningful responsibility supported by adequate authority.

Quick Tip to Solve: For each point, state the NCERT heading and explain its causal link: shared workload helps managers, practical responsibility develops staff, and trust motivates them.

13. Sunflag Iron Ltd. is manufacturing steel at its plant in India. It is enjoying increased demand for its steel as economic growth of the country is about 8%. It is planning to set up a new plant to avail the benefits of increased demand. It is estimated that it will require about ₹ 4,000 crore for setting up of plant and about ₹ 600 crore for other expenses to start the new plant.

To collect the above mentioned funds, the sources to be used and the quantity to be collected from different sources had to be considered.

(a) Identify the above discussed concept and give its meaning.

(b) Explain any two factors that affect the concept identified in (a) above. [3 marks]

Solution:

Concept:

- Financial management includes investment, financing and dividend decisions. A financing decision determines how much finance should be raised from different available sources.
- The choice between owners' funds and borrowed funds must consider both the cost of finance and the financial risk created by repayment commitments.

Step 1: Identify and define the financing decision **(a) Financing decision:** The case says that "the sources to be used and the quantity to be collected from different sources had to be considered". This identifies the financing decision. It concerns the quantum of funds to be raised from various long-term sources, such as equity shares, preference shares, debentures and long-term loans. It determines the combination of owners' funds and borrowed funds used to finance the business. Selecting the new plant is an investment decision; deciding how to raise its funds is the financing decision asked here.

Step 2: Explain the effect of cost **(b) Cost:** The cost of raising funds differs across sources. Management should compare these costs and choose an appropriate source or combination of sources with the lowest feasible cost. Interest, issue expenses and the return expected by investors influence this comparison. A lower financing cost leaves more earnings available to the business, subject to the risk and other conditions attached to the source.

Step 3: Explain the effect of risk **Risk:** Borrowed funds involve compulsory payment of interest and repayment of principal, whereas equity dividend is not a compulsory fixed payment. A larger reliance on debt therefore increases financial risk. Sunflag should assess whether its expected cash flows can meet these commitments even if steel demand weakens, rather than relying only on the current growth in demand.

Step 4: Conclusion The concept is the financing decision: deciding the amount to raise from the different sources of finance. Cost and risk are two factors affecting this choice.

Quick Tip to Solve: In a finance case, "where to invest" signals investment; "which sources and how much from each" signals financing. Then explain factors affecting that choice.

Section C (24 marks)

14(a). Describe 'Offer for Sale' and 'e-IPOs' as methods of new issues in Primary market. [4 marks]

Solution:

Concept:

- The primary market deals in new securities issued to raise funds. Offer for sale and e-IPOs are two methods through which a company can bring a new issue to investors.
- These methods describe the arrangements for placing the securities with the public; they do not represent trading in previously issued securities in the secondary market.

Step 1: Describe offer for sale **Offer for sale – issue through intermediaries:** Under this method, the company does not issue securities directly to the public. It sells the securities at an agreed price to intermediaries, such as issuing houses or stockbrokers. The intermediaries then resell those securities to the investing public at a higher price. Thus, the public obtains the new securities through the intermediaries rather than through a direct subscription to the company's issue.

Step 2: Explain the role of the intermediary **Placement of the issue:** The intermediary purchases the securities from the company and undertakes their resale. This arrangement enables the company to place its new issue through a specialised agency. The difference between the price paid to the company and the resale price forms the intermediary's margin; the defining feature is this two-stage sale.

Step 3: Describe e-IPOs **Electronic initial public offer:** When a company proposes to issue capital to the public through the online system of a stock exchange, it enters into an agreement with that exchange. This method is called an e-IPO, or electronic initial public offer. SEBI-registered brokers have to be appointed to accept applications and place orders with the company through the online system.

Step 4: State the supporting arrangements for an e-IPO **Management and processing:** The issuer company appoints a registrar to the issue with electronic connectivity to the exchange. The company can apply for listing of its securities on any exchange other than the exchange through which it has offered its securities. A lead manager coordinates the activities of the intermediaries connected with the issue, so that the online offer is carried out systematically.

Step 5: Conclusion Offer for sale places a new issue with the public through intermediaries who first buy it from the company. An e-IPO uses a stock exchange's online system, with registered brokers, a connected registrar and a lead manager supporting the issue.

Quick Tip to Solve: Link offer for sale with "company to intermediary to public" and e-IPO with "public issue through the exchange's online system".

OR

14(b). Describe 'Certificate of Deposit' and 'Commercial Bill' as money market instruments. [4 marks]

Solution:

Concept:

- The money market deals in short-term funds and monetary assets with a maturity of up to one year. Its instruments help institutions and businesses meet temporary financing needs.
- A certificate of deposit mobilises short-term deposits, whereas a commercial bill finances a credit sale of goods. Both are negotiable instruments, so their ownership can be transferred.

Step 1: Describe a certificate of deposit **Nature and issuers:** A certificate of deposit is an unsecured, negotiable, short-term instrument in bearer form. It is issued by commercial banks and development financial institutions. "Unsecured" means that no particular asset is pledged as security, and "negotiable" means that the instrument can be transferred. It is issued in return for funds deposited with the issuing institution for a specified period.

Step 2: Explain why certificates of deposit are issued **Purpose:** These certificates can be issued to individuals, corporations and companies during periods of tight liquidity, when the bank's deposit growth is slow but demand for credit is high. They help mobilise a large amount of money for a short period. Thus, they provide the issuing institution with temporary funds while giving the investor a short-term financial instrument.

Step 3: Describe a commercial bill **Origin in a credit transaction:** A commercial bill is a bill of exchange used to finance the working-capital requirements of business firms. When a seller sells goods on credit, the seller draws a bill on the buyer, specifying the amount payable on a stated future date. After the buyer accepts it, it becomes a trade bill and serves as a written acknowledgement of the buyer's payment obligation.

Step 4: Explain discounting and repayment **Conversion into immediate funds:** If the seller needs funds before the bill matures, the seller can discount it with a bank. The bank deducts a discount and pays the balance immediately; the bill is then known as a commercial bill. On maturity, the bank collects the full amount from the buyer. In this way, discounting releases money tied up in credit sales and supplies short-term working capital to the seller.

Step 5: Conclusion A certificate of deposit is a negotiable short-term deposit instrument issued by banks or development financial institutions. A commercial bill is a trade bill discounted with a bank to finance a firm's credit sales and working-capital needs.

Quick Tip to Solve: Remember the source of each instrument: a certificate of deposit begins with a deposit, while a commercial bill begins with a credit sale and is discounted for immediate cash.

15. 'Express Tours Ltd.' is a travel agency which books air tickets on commission basis. It takes two days for Express Tours to get the tickets from airport reservation counter and deliver the same to customers. During the last one year, there has been drastic decrease in its business as most of the customers have shifted to another travel agency, 'Shiva Tours and Travels', which provides tickets within half-an-hour through internet.

(a) Name and explain the dimension of business environment that is being overlooked by 'Express Tours Ltd.'.

(b) Explain another dimension of business environment other than that identified in (a) above.

[4 marks]

Solution:

Concept:

- The technological environment includes scientific improvements and innovations that provide new ways of producing goods and services and new methods of conducting business.
- The economic environment includes economic conditions and policies, such as income, interest rates, inflation and the availability of credit, which affect business decisions.

Step 1: Identify the overlooked dimension in part (a) **Technological environment:** Express Tours Ltd. is overlooking changes in technology. The decisive case evidence is that Shiva Tours and Travels "provides tickets within half-an-hour through internet", whereas Express Tours takes "two days" to obtain and deliver tickets. Internet-based booking is a new method of conducting the same service, enabling the competing agency to respond much faster.

Step 2: Explain why the technological change matters Technological advances create improved processes and opportunities for businesses, but can also make existing methods less competitive. Express Tours continues to depend on the airport reservation counter instead of adapting its booking process. Customers therefore move to the competitor for quicker service. The agency needs to recognise the technological change and adapt its operations to it rather than treat the loss of customers as an isolated event.

Step 3: Explain another dimension for part (b) **Economic environment:** This refers to the economic factors surrounding a business, including consumers' income, interest rates, inflation, exchange rates, economic policies and the availability of finance. These influence both customers' ability to spend and the cost of business operations. For example, rising disposable income can increase demand for travel, while higher interest rates can make borrowing to expand a travel agency more expensive. These examples explain the dimension; they are not additional events stated in the case.

Step 4: Conclusion Express Tours has overlooked the **technological environment**, specifically internet-based ticket booking. Another dimension is the **economic environment**, which influences purchasing power, demand and the cost and availability of finance.

Quick Tip to Solve: Link "internet" and faster booking to technology; for the second dimension, name a different category and explain how its factors affect business.

16. Anchal purchased a food processing machine for ₹ 3,000 from 'Kajal Machinery Pvt. Ltd.' She found that the machine was not working properly. Despite many complaints, the defect was not rectified by Kajal Machinery Pvt. Ltd.

(a) Identify the consumer right that has been violated by Kajal Machinery Pvt. Ltd.

(b) Suggest the appropriate forum where Anchal can file her complaint.

(c) Can she appeal to the Supreme Court if she is not satisfied with the order of the appropriate forum ? Give reason in support of your answer. [4 marks]

Solution:

Concept:

- The right to be heard assures consumers that their interests will receive due consideration and that they can voice complaints about unsatisfactory goods or services.
- Under the Consumer Protection Act, 1986 framework applicable to this paper, the three-tier redressal machinery comprises the District Forum, State Commission and National Commission, with prescribed routes of appeal.

Step 1: Identify the violated right in part (a) **Right to be heard:** The case states, "Despite many complaints, the defect was not rectified by Kajal Machinery Pvt. Ltd." Anchal has raised her grievance about the malfunctioning machine, but the company has failed to give it effective consideration. Her right to have her complaint heard and her interests considered has therefore been violated. This is the right identified by the company's disregard of her repeated complaints.

Step 2: Choose the appropriate forum for part (b) **District Forum:** Anchal should file her complaint before the District Consumer Disputes Redressal Forum. In the 1986 Act framework tested in this 2019 paper, the District Forum entertains complaints where the value of goods or services together with compensation claimed does not exceed Rs 20 lakh. The machine costs Rs 3,000, so the complaint on the stated facts belongs at this level. No higher compensation claim is given in the question.

Step 3: Explain the appeal route for part (c) **No direct appeal to the Supreme Court:** If Anchal is dissatisfied with the District Forum's order, her appeal lies to the State Commission, ordinarily within 30 days of the order. The Supreme Court is not the immediate appellate authority over a District Forum. In the textbook framework, an appeal against a State Commission order lies to the National Commission; the prescribed Supreme Court appeal concerns an order made by the National Commission in its original jurisdiction. Thus she must use the applicable statutory appeal route, rather than bypass the intermediate authority.

Step 4: Conclusion The violated right is the **right to be heard**. Anchal can complain to the **District Forum**; dissatisfaction with its order permits an appeal to the **State Commission**, not a direct appeal to the Supreme Court.

Quick Tip to Solve: For an older consumer-protection paper, use its 1986 Act limits and distinguish the forum for the original complaint from the next authority hearing an appeal.

17(a). Differentiate between 'Marketing' and 'Selling' on the following basis :

(a) Transfer of title vs. Satisfying customer needs

(b) Start and End of the activities

(c) Difference in the Emphasis

(d) Difference in the Strategies [4 marks]

Solution:

Concept:

- Marketing is a social process through which people obtain what they need and want by creating, offering and freely exchanging products and services of value. It begins with identifying customer needs.
- Selling is the narrower activity of persuading a buyer to purchase an existing product and completing its exchange for money. Selling is a part of marketing, rather than the entire marketing process.

Step 1: Compare the purpose and duration of activities The first two bases distinguish the objective of the process and the point at which it begins and ends.

Basis	Marketing	Selling
Transfer of title versus satisfying customer needs	Emphasises satisfying customers' needs and wants through an appropriate product offering. Transfer of ownership is only one element in this wider process.	Emphasises transfer of the product's title and possession from seller to buyer, in exchange for money.
Start and end of activities	Starts before production, by identifying customer needs; continues after the sale through customer service, feedback and efforts to secure satisfaction.	Starts after the product has been produced and ends with its sale to the customer. Its immediate concern is disposing of what has already been made.

Step 2: Compare the emphasis and strategies The remaining bases show how a customer-oriented approach differs from a product-oriented approach.

Basis	Marketing	Selling
Emphasis	Emphasises developing a suitable product and satisfying customer needs so that profitable, continuing customer relationships can be created.	Emphasises bending or persuading the customer to buy the existing product and increasing the volume of sales.
Strategies	Uses an integrated marketing effort involving product planning, pricing, promotion and physical distribution. These decisions are coordinated around customer needs.	Primarily uses selling and promotional efforts, including persuasion and sales promotion, to convert the existing product into cash.

Step 3: Conclusion Marketing starts with the customer and coordinates the whole offering to secure satisfaction; selling starts with the existing product and concentrates on persuading customers to purchase it. Thus, selling forms only one part of the wider marketing activity.

Quick Tip to Solve: Use the sequence "customer needs, product, satisfaction" for marketing and "existing product, persuasion, sale" for selling; then match each sequence to the four stated bases.

OR

17(b). Differentiate between 'Production concept' and 'Selling concept' of marketing on the basis of :

(a) Meaning

(b) Main focus

(c) Means

(d) Ends [4 marks]

Solution:

Concept:

- The production concept and selling concept are different marketing management philosophies. Each states what management believes will lead customers to buy and how the business should earn profits.
- The production concept assumes that customers favour widely available and affordable products. The selling concept assumes that customers will not buy enough unless the enterprise undertakes aggressive selling and promotion.

Step 1: Distinguish meaning and main focus Compare the assumption underlying each philosophy before identifying its central managerial concern.

Basis	Production concept	Selling concept
Meaning	Consumers favour products that are widely available and affordable. Management should therefore improve production and distribution efficiency to offer larger quantities at lower prices.	Consumers will not ordinarily buy enough of the firm's products unless the firm undertakes aggressive selling and promotional efforts to persuade them.
Main focus	Its main focus is increasing the quantity produced and making the product widely available at a low price. Availability and affordability are treated as the principal basis of demand.	Its main focus is the existing product and increasing its sales volume. The firm seeks to sell what it has already produced rather than first determining customer needs.

Step 2: Distinguish means and ends The means are the actions used to achieve the objective; the ends describe how profits are expected to result.

Basis	Production concept	Selling concept
Means	Improving production efficiency, exploiting economies of large-scale production and improving distribution efficiency. These measures reduce unit cost and increase availability.	Aggressive selling and promotional techniques, including personal selling, advertising and sales promotion, to persuade customers to purchase the existing product.
Ends	Earning profits through a large volume of production and sales made possible by efficient operations, lower costs and affordable prices.	Earning profits through increased sales volume generated by intensive selling and promotion. Its immediate objective is converting existing output into sales.

Step 3: Conclusion The production concept seeks profits through efficient, large-scale production and affordable availability; the selling concept seeks profits through sales volume achieved by aggressive persuasion and promotion. Both differ from a philosophy that begins by identifying and satisfying customer needs.

Quick Tip to Solve: For production remember "efficiency and availability"; for selling remember "persuasion and promotion". State the means separately from the common ultimate end of earning profits.

18. 'MICO Automobiles Ltd.' is engaged in manufacturing of auto parts for car manufacturing companies.

The company enjoys good creditworthiness. It now wants to expand its business by investing in new plant and machinery. For this it requires long terms finance. Arsh, the Finance Manager of the company advised the CEO of the company to raise funds by issuing equity shares. It requires huge floatation cost. To meet the expenses of floatation cost the company decided to tap the money market.

(a) Name the money market instrument the company can use for meeting the floatation cost.

(b) Differentiate between 'money market' and 'capital market' on any three basis. [4 marks]

Solution:

Concept:

- Financial Markets: the money market supplies short-term funds, whereas the capital market supplies medium-term and long-term finance.
- Commercial paper is an unsecured, negotiable, short-term promissory note issued by large and creditworthy companies. It can provide bridge finance for the expenses of raising long-term funds.

Step 1: Identify the instrument for part (a) The company can issue **commercial paper**. The words "enjoys good creditworthiness" indicate that it can raise unsecured short-term funds on the strength of its credit standing. Although the plant and machinery require long-term finance through equity

shares, the immediate requirement is different: "To meet the expenses of floatation cost the company decided to tap the money market." Commercial paper can bridge this temporary financing need until funds from the equity issue become available.

Step 2: Compare the markets for part (b) The following are three bases of distinction:

Basis	Money market	Capital market
Duration	Deals in short-term funds for a period up to one year.	Deals in medium-term and long-term funds for periods exceeding one year.
Instruments	Includes treasury bills, commercial paper, call money, certificates of deposit and commercial bills.	Includes equity shares, preference shares, debentures and bonds.
Participants	Mainly involves the Reserve Bank of India, commercial banks and financial institutions, along with other eligible institutional participants and companies.	Includes financial institutions, banks, companies, foreign investors and the general investing public.

Thus, issuing equity shares belongs to the capital market, while obtaining temporary finance for the issue expenses through commercial paper belongs to the money market. Classify each transaction by the maturity and nature of the funds being raised, rather than by the company's ultimate expansion plan alone.

Step 3: Conclusion MICO Automobiles Ltd. can use **commercial paper** to meet its floatation expenses. The money market and capital market differ in duration, instruments and participants, as shown above.

Quick Tip to Solve: When a creditworthy company needs temporary funds for the expenses of a forthcoming securities issue, connect the case with commercial paper and bridge finance.

19. The Managing Director of 'Verma Chemicals Pvt. Ltd.' held a meeting of all the departmental managers. In the meeting, the managing director said that besides doing their current work efficiently, they also had to make themselves capable of shouldering more responsibility in future as the company is going to add an additional product to its existing product line. For the realisation of this objective he invited suggestions from all departmental heads. The Managing Director proposed a plan on the basis of the suggestions received. All the departmental heads carried out the plan.

(a) Identify and give the meaning of the style of leadership referred in the above para.

(b) Explain the other two styles of leadership. [4 marks]

Solution:

Concept:

- Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.
- The three principal leadership styles are autocratic, democratic and laissez-faire. They differ in the

extent to which the leader shares decision-making authority and allows subordinates freedom.

Step 1: Identify and explain the style in part (a) The Managing Director follows **democratic or participative leadership**. Under this style, the leader develops action plans and takes decisions in consultation with subordinates, encouraging their participation and respecting their opinions. The leader still guides the group and works towards organisational objectives.

The case states that "he invited suggestions from all departmental heads" and that he "proposed a plan on the basis of the suggestions received". These lines show actual consultation and use of employees' ideas, rather than merely issuing instructions. Participation can promote commitment to the agreed plan, as reflected in the departmental heads carrying it out.

Step 2: Explain autocratic leadership for part (b) **Autocratic or authoritarian leadership:** The leader centralises authority, takes decisions independently and gives orders that subordinates are expected to obey. Communication generally flows from the leader to the followers. The leader determines policies, assigns work and supervises its execution closely, leaving little scope for employees to influence decisions. This style can facilitate prompt decisions and clear direction, but restricts participation and initiative. It differs from the case because the Managing Director sought and incorporated the departmental heads' suggestions.

Step 3: Explain laissez-faire leadership for part (b) **Laissez-faire or free-rein leadership:** The leader gives subordinates a high degree of independence to formulate their own objectives and decide how to achieve them. Employees organise their work and take decisions within the freedom provided. The leader supports them by supplying information and resources and helping when requested, rather than continuously directing their activities. It can work with capable, responsible and self-motivated employees. This is not the style illustrated in the case: there the Managing Director actively consulted the managers and proposed a common plan, rather than leaving planning entirely to them.

Step 4: Conclusion The style used is **democratic or participative leadership**, evidenced by inviting and using the departmental heads' suggestions. The other styles are **autocratic leadership**, with centralised decision-making, and **laissez-faire leadership**, with substantial freedom for subordinates.

Quick Tip to Solve: Use who makes the decisions as the test: the leader alone indicates autocratic, consultation indicates democratic, and extensive subordinate freedom indicates laissez-faire.

Section D (15 marks)

20. Each employee of 'Bhoomika Ltd.' should manufacture 10 tables per day as per the terms of employment. All the employees met the said target except a few who manufactured between 4 – 6 tables per day. The management look a decision to install Closed Circuit Television (CCTV's) in the factory for monitoring the activities of the employees.

(a) Identify the managerial function discussed above.

(b) Explain the steps in the process of the function identified in (a) above. [5 marks]

Solution:

Concept:

- Controlling means ensuring that activities are performed according to plans. It compares actual performance with predetermined standards and initiates corrective action when deviations are significant.
- The controlling process comprises setting performance standards, measuring actual performance, comparing performance with standards, analysing deviations and taking corrective action.

Step 1: Identify the managerial function in the case (a) The function is **controlling**. The standard is that each employee "should manufacture 10 tables per day", while a few actually manufactured "between 4 – 6 tables per day". Comparing these results exposes a deviation from the target. Installing CCTV "for monitoring the activities of the employees" is a means of observing actual work as part of this function.

Step 2: Explain how standards and actual performance are established (b) **1. Setting performance standards:** Standards are the criteria against which actual performance is measured. They should be clear and, wherever possible, measurable. Here the predetermined quantitative standard is production of 10 tables per employee per day.

2. Measurement of actual performance: Actual results are measured objectively and reliably through methods such as personal observation, sample checking and performance reports. Daily output records can show how many tables each employee makes; CCTV can assist observation of activities but does not itself establish why output is low.

Step 3: Compare results, investigate deviations and correct them **3. Comparing actual performance with standards:** Measured performance is compared with the standard to determine the extent of deviation. Employees producing 4 to 6 tables fall short of the daily standard by 4 to 6 tables respectively, whereas employees producing 10 meet it.

4. Analysing deviations: Management determines whether deviations are significant and investigates their causes. Critical point control focuses on key result areas, while management by exception draws attention to deviations beyond acceptable limits. Management should find whether low output arises from inadequate skills, defective equipment or another cause rather than assume the reason from the figures alone.

5. Taking corrective action: Appropriate action removes the causes of significant deviations. Depending on the investigation, this may involve training employees, repairing machinery or improving supervision. If a standard is unrealistic, it may need revision. Follow-up checks establish whether the action brings performance into line with the plan.

Step 4: Conclusion Bhoomika Ltd. is exercising controlling. Its complete process runs from setting standards to measuring and comparing actual results, analysing significant deviations and taking suitable corrective action.

Quick Tip to Solve: Use the sequence standard, actual result, comparison, cause and correction. In a case answer, connect the target and the observed output before discussing corrective measures.

21. Identify and state the techniques of sales promotion used by the marketer in the following cases :

(a) A free holiday package of ₹ 5,000 on purchase of goods worth ₹ 20,000.

(b) Payment of ₹ 1,60,000 for the purchase of a bike can be made, ₹ 40,000 immediately and balance in 20 equal instalments of ₹ 6000 each.

(c) 30 grams extra soap in a cake of bathing soap.

(d) Get 4 GB memory card free with a 'Popo' mobile phone.

(e) Lucky draw coupon for a car on purchase of petrol ₹ 2,500 from Indian Oil Corporation petrol pumps. [5 marks]

Solution:

Concept:

- Sales promotion consists of short-term incentives designed to encourage the immediate purchase of a product or service. The technique is identified by the particular additional benefit offered to the buyer.
- Usable benefits, full finance, quantity gifts, product combinations and lucky draws are different promotional tools. A benefit received by every qualifying purchaser differs from a prize awarded by chance.

Step 1: Identify the benefit and payment-based incentives **(a) Usable benefits:** This technique offers a benefit that the purchaser can use, such as a holiday voucher, as an incentive to buy. The words "a free holiday package" worth Rs 5,000 on purchasing goods worth Rs 20,000 identify the usable benefit. It adds a separate useful advantage to the purchase rather than reducing the stated selling price of the goods.

(b) Full finance: This technique facilitates purchase of a costly durable product by allowing the purchaser to pay through convenient instalments instead of paying the entire price immediately, often at a low or zero rate of interest. Here the bike can be bought by paying Rs 40,000 immediately and the balance through "20 equal instalments" of Rs 6,000. Those instalments total Rs 1,20,000, so the stated payments together equal the bike's price of Rs 1,60,000; no extra financing charge is stated.

Step 2: Identify the quantity and product-based incentives **(c) Quantity gifts:** An additional quantity of the same product is supplied as a gift with the normal quantity purchased. The offer of "30 grams extra soap" in the bathing-soap cake gives the buyer more of the same product, rather than a different article or a cash refund.

(d) Product combinations: A different product is offered free along with the main product purchased. "Get 4 GB memory card free" with a Popo mobile phone is a combination of two products: the mobile phone is the main purchase and the memory card is the free additional article.

Step 3: Identify the chance-based incentive **(e) Lucky draw:** Customers who make a qualifying purchase are entered into a draw, and a prize is awarded to the winner selected by chance. The "lucky draw coupon for a car" on buying petrol worth Rs 2,500 gives a chance to win the car. Every qualifying buyer receives an entry, but every buyer does not receive the prize; this distinguishes it from a guaranteed free gift.

Step 4: Conclusion The techniques are (a) usable benefits, (b) full finance, (c) quantity gifts, (d) product combinations and (e) lucky draw. Each offer encourages purchase through a specific temporary incentive.

Quick Tip to Solve: Match the offer to its form: usable facility, instalment payment, extra quantity of the same product, a different free product, or a chance to win a prize.

22(a). State any five points of importance of business environment. [5 marks]

Solution:

Concept:

- Business environment comprises the external forces, institutions and conditions that influence an enterprise, although they generally lie outside its direct control.
- Understanding the environment helps managers relate business decisions to opportunities, threats, resources and changes around the organisation.

Step 1: Identify opportunities and threats **1. Identifying opportunities and getting the first-mover advantage:** Environmental understanding helps a firm recognise favourable trends early. It can develop suitable products or enter a growing market before competitors, thereby obtaining an initial advantage.

2. Identifying threats and early warning signals: Environmental scanning alerts managers to adverse changes such as new competition, changing technology or restrictive policies. Early recognition gives the enterprise time to prepare an appropriate response and reduce the damage.

Step 2: Explain the benefits for resources, change and planning **3. Tapping useful resources:** A business obtains inputs such as finance, labour, materials and technology from its environment and supplies goods and services to it. Knowledge of external conditions helps it secure these resources and produce outputs that society needs.

4. Coping with rapid changes: Modern markets, technology and customer preferences change quickly. By continuously understanding these developments, management can adapt its methods and offerings instead of continuing with outdated practices.

5. Assisting in planning and policy formulation: Environmental analysis supplies information about external opportunities and limitations. Managers can use it to frame realistic plans, set suitable objectives and formulate policies consistent with the conditions in which the enterprise operates.

Step 3: Conclusion Thus, understanding the business environment helps a firm identify opportunities, recognise threats early, tap resources, cope with rapid change, and formulate suitable plans and policies.

Quick Tip to Solve: Remember five action words: identify opportunities, anticipate threats, obtain resources, adapt to change, and plan. Explain what each enables the firm to do.

OR

22(b). State any five characteristics of management. [5 marks]

Solution:

Concept:

- Management is the process of getting things done effectively and efficiently through people to achieve organisational objectives.
- Its characteristics explain the nature of managerial work across different organisations, activities and levels.

Step 1: State the goal and scope of management **1. Management is a goal-oriented process:** Every organisation exists to achieve specified objectives. Management unites the efforts of different individuals towards these common goals, such as providing services or earning a satisfactory profit.

2. Management is all pervasive: Managing is necessary in all types of organisations, whether economic, social or political, and at every level. Although the activities and methods differ with the organisation and situation, the need to coordinate efforts remains universal.

Step 2: Explain its dimensions, continuity and collective nature **3. Management is multidimensional:** It involves managing work, people and operations. Managers translate the work into goals, deal with employees both as individuals and as groups, and organise the process that transforms inputs into the required goods or services.

4. Management is a continuous process: Planning, organising, staffing, directing and controlling are performed on an ongoing basis. These functions are interrelated and often occur simultaneously; management does not end merely because one task or one plan has been completed.

5. Management is a group activity: An organisation consists of people with different needs and abilities who work together for a common purpose. Management coordinates their individual efforts and promotes teamwork so that the group can achieve organisational objectives while also addressing individual needs.

Step 3: Conclusion The five characteristics are that management is goal-oriented, all pervasive, multidimensional, continuous, and a group activity. Together they show how coordinated managerial effort directs an organisation towards its objectives.

Quick Tip to Solve: For a characteristics question, name each NCERT characteristic first and then explain its meaning. Keep importance, objectives and functions separate from characteristics.

Section E (18 marks)

23. Mohan is working as a vice-president in Ashoka Ltd. He performs a separate and specialised function having many aspects of human relations. His job is closely linked with organising since after the structure and positions have been decided, people are required to work in these positions. His function is seen as a generic function of management. When he performs his duties, his role is slightly limited.

(a) Identify and explain the meaning of the function being performed by Mohan as the vice-president of Ashoka Ltd.

(b) The function performed by Mohan benefits the organisation in many ways. State any five such benefits. [6 marks]

Solution:

Concept:

- Staffing is the managerial function of finding the right people for the right jobs and keeping organisational positions filled with competent employees.
- Staffing follows organising: once the structure and jobs exist, managers estimate manpower needs, recruit, select, place, train and develop people to perform them.

Step 1: Identify and explain Mohan's function **(a) Staffing:** Mohan performs the staffing function. The case says that after "the structure and positions have been decided, people are required to work in these positions". This directly indicates filling the positions created through organising. Staffing means putting people to jobs through recruitment, selection, placement, training, development, promotion and related activities. It is a generic function because every manager has responsibility for people, although a specialist human resource department assists managers in larger organisations.

Step 2: State five benefits of staffing **(b) Benefits to the organisation:**

1. **Obtaining competent personnel:** Staffing discovers and attracts qualified candidates for different jobs. Proper selection places suitable people in organisational positions, enabling work to be performed effectively.
2. **Higher performance:** By placing the right person on the right job, staffing matches employees' abilities with job requirements. Employees can use their strengths, which improves the quality and efficiency of their performance.
3. **Continuous survival and growth:** Developing managers and preparing employees for higher responsibilities ensures a supply of future managers. Succession planning prevents key positions from remaining vacant and supports the organisation's continued growth.
4. **Optimum utilisation of human resources:** Staffing prevents overstaffing and understaffing through manpower planning. It deploys available employees appropriately and avoids wasting the organisation's human talent and the cost of unnecessary employment.
5. **Job satisfaction and morale:** Objective assessment, fair rewards and opportunities for advancement motivate employees. Employees feel recognised and see a future in the organisation, strengthening their satisfaction and morale.

Step 3: Conclusion Mohan is performing staffing, which fills organisational positions with suitable people and develops them. Its benefits include competent personnel, improved performance,

continuity and growth, optimum use of human resources, and higher job satisfaction and morale.

Quick Tip to Solve: Link "positions have been decided" with organising and "people are required" with staffing; then recall the five benefits from competence through morale.

24. Fayol and Taylor both have contributed immensely to the knowledge of management, which has become a basis for further practice by managers. Taylor thought that by scientifically analysing work it would be possible to find 'one best way' to do it. He is most remembered for his time and motion studies and functional foremanship. He said that the best result would come from the partnership between a trained and qualified management and a cooperative and innovative workforce. Fayol explained what amounts to a manager's work and what principles should be followed in doing this work.

In the light of the above discussion, differentiate between the contribution of Taylor and Fayol on the following basis :

(a) Perspective

(b) Unity of command

(c) Focus

(d) Expression

(e) Applicability

(f) Basis of formation [6 marks]

Solution:

Concept:

- Henri Fayol developed general administrative principles to improve the management of the organisation as a whole. F.W. Taylor developed scientific management to improve efficiency at the shop-floor level.
- Their approaches are complementary: both seek efficiency, but they differ in managerial level, emphasis, method and the form in which their contributions are expressed.

Step 1: Connect the case with the two approaches Taylor's search for "one best way" and his "time and motion studies and functional foremanship" show his emphasis on scientific analysis of work. Fayol's explanation of "what amounts to a manager's work" shows his administrative perspective. Compare them on the six bases specified rather than merely listing each contributor's principles.

Step 2: Differentiate Taylor and Fayol on the specified bases

Basis	Taylor's contribution	Fayol's contribution
(a) Perspective	Developed his approach from the perspective of lower-level, supervisory or shop-floor management.	Developed his approach from the perspective of top-level management.

(b) Unity of command	Did not insist on unity of command. Functional foremanship places a worker under several specialist supervisors, each giving directions within a particular function.	Strongly supported unity of command: each employee should receive orders from, and be accountable to, only one superior.
(c) Focus	Focused on increasing productivity through scientific methods of work and efficient use of workers, tools and production resources.	Focused on improving overall administration and managerial efficiency throughout the organisation.
(d) Expression	Expressed his ideas through principles and techniques of scientific management, including work study and functional foremanship.	Expressed his ideas through fourteen principles of general management.
(e) Applicability	Scientific management techniques are especially applicable to specialised production situations where work can be studied and standardised.	General management principles have universal applicability to different kinds of organisations and managerial situations.
(f) Basis of formation	Developed his ideas through observation and scientific experimentation, including systematic studies of work.	Developed his principles mainly from personal experience as a practising manager.

Step 3: Conclusion Taylor concentrated on scientifically improving work at the operational level, whereas Fayol concentrated on effective administration of the organisation as a whole. Their different perspectives explain the contrasts in unity of command, focus, expression, applicability and basis of formation.

Quick Tip to Solve: Remember Taylor by "shop floor, experiments, techniques" and Fayol by "top management, experience, fourteen principles"; use these anchors for each comparison row.

25(a). Explain any four limitations of planning. [6 marks]

Solution:

Concept:

- Planning decides in advance what is to be done, how it is to be done and who will do it. Its usefulness does not remove the limitations of relying on predetermined courses of action.
- NCERT identifies limitations arising from rigidity, a dynamic environment, reduced creativity and the considerable costs of planning. The following four limitations explain why planning must be used with judgement.

Step 1: Explain rigidity and environmental change **1. Planning leads to rigidity:** A well-defined plan specifies goals and the course of action to achieve them. Managers may be unwilling to change the plan because it has already been approved. Insistence on following the original plan can therefore make action inflexible, even when changed circumstances require a different approach. A plan made for a particular situation may be unsuitable after that situation changes.

2. Planning may not work in a dynamic environment: Business operates amid changing economic, political, social, legal and technological conditions. Future events cannot be predicted with complete accuracy. Unexpected changes can upset the assumptions on which a plan rests and make its implementation difficult. Planning cannot eliminate uncertainty or provide a precise response to every external development.

Step 2: Explain reduced creativity and planning costs **3. Planning reduces creativity:** Plans are often prepared by top management, while other managers and employees merely implement them. If they are expected only to carry out predetermined decisions, they may not be permitted to think independently or propose better methods. Excessive dependence on plans can thus reduce individual initiative and creativity within the organisation.

4. Planning involves huge costs: Collecting and analysing information, estimating future conditions, evaluating alternatives and consulting experts require substantial expenditure. Management also spends time discussing and preparing detailed plans. These costs are justified only when the expected benefits exceed them; spending heavily on elaborate plans does not by itself ensure useful results.

Step 3: Conclusion Four limitations of planning are rigidity, difficulty in coping with a dynamic environment, reduced creativity and huge costs. Managers should recognise these limitations while preparing and implementing plans, rather than treat a predetermined course as an automatic guarantee of success.

Quick Tip to Solve: Remember rigidity, change, creativity and cost. For each heading, explain the mechanism by which planning can hinder effective action instead of merely listing the limitation.

OR

25(b). Explain any four points of importance of organising function of management. [6 marks]

Solution:

Concept:

- Organising identifies and groups work, assigns duties and establishes authority relationships so that people can work together to achieve common objectives.
- A sound organisation structure translates plans into coordinated action. Its importance includes the benefits of specialisation, clarity in working relationships, optimum utilisation of resources and adaptation to change.

Step 1: Explain specialisation and clarity in relationships **1. Benefits of specialisation:** Organising systematically allocates work among employees. Dividing the total workload into specific jobs reduces the amount of work each person must handle and enables a worker to perform a clearly defined task repeatedly. Repetition builds experience and proficiency. Employees become specialists in their assigned activities, improving the efficiency and quality of performance.

2. Clarity in working relationships: Organising clearly specifies who is responsible for a task, who reports to whom and who can issue instructions. Such authority and responsibility relationships remove ambiguity and confusion in the workplace. Employees understand the communication channels and the extent of their authority. This helps coordinate individual efforts and makes

responsibility for results easier to establish.

Step 2: Explain resource utilisation and adaptation **3. Optimum utilisation of resources:** A proper organisation structure assigns jobs according to employees' knowledge and abilities and defines the work of each position. This avoids overlapping duties, duplication of effort and unnecessary activities. Human, material and financial resources can therefore be directed towards useful work, reducing waste and helping the enterprise obtain better results from the resources available.

4. Adaptation to change: Organising provides a framework within which work and authority relationships can be modified when business conditions change. The structure may be rearranged by revising duties, departments or reporting relationships to meet new requirements. Such flexibility enables the organisation to absorb environmental changes, maintain stability in its operations and continue working towards its objectives.

Step 3: Conclusion Organising is important because it promotes specialisation, clarifies working relationships, ensures optimum utilisation of resources and facilitates adaptation to change. Together, these benefits help employees perform their duties efficiently and combine their efforts towards the organisation's goals.

Quick Tip to Solve: Link each organising benefit to a cause: division of work creates specialisation, clear reporting removes confusion, proper allocation prevents waste, and a flexible structure supports change.